

MOMENTUM 2022 Annual Conference and Trade Show · August 30 – September 1, 2022

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SNF Reimbursement Update and Current Trends Facing the Industry


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Agenda

- FY 2022 – 2023 Budget Bill
 - FY 2023 Medicaid Rates
- Certificate of Need Updates
- SNF Industry Trends
- Medicare Updates

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FY 2022-2023 Budget Bill

- House Bill 110 signed by Governor DeWine on June 30, 2021
 - \$125 million to fund rebasing in each year of biennium
 - Capital portion of the formula remains flat
 - 70% of rebasing to be spent on direct care
 - Maintaining the existing quality incentive payment
 - Funding increased by \$25 million in FY 2022 and by \$125 million in FY 2023
 - Sunset of the 80% occupancy penalty
 - Excludes points below the 25th percentile
 - Certificate of Need- raised reviewability threshold from \$2 million to \$4 million

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FY 2023 Medicaid Rates

- ODM released the SNF Medicaid rates effective for July 1, 2022

Peer Group	FY 2022	FY 2023	Increase
1 - Large	\$233.92	\$240.04	\$6.12
1 - Small	\$230.82	\$237.41	\$6.59
2 - Large	\$227.67	\$232.37	\$4.70
2 - Small	\$228.96	\$235.16	\$6.20
3 - Large	\$218.29	\$223.18	\$4.89
3 - Small	\$217.16	\$220.26	\$3.10

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FY 2022 Medicaid Rates- Rebasing

- Capped at \$125 million
- ODM was required to rebase in priority of Direct Care, Ancillary/Support and Tax Cost Centers
 - Capital would not be rebased
- \$76.2 million was allocated to Direct Care
- \$48.8 million, or 41.75% to Ancillary/Support
- Nothing left to rebase Tax

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FY 2023 Medicaid Rates- Rebasing

Direct Care Prices:

Peer Group	FY 2022	FY 2023	Increase
CSA - 1	\$41.76	\$41.76	\$0.00
CSA - 1	\$40.58	\$40.58	\$0.00
CSA - 1	\$38.51	\$38.51	\$0.00

Ancillary/Support Prices:

Peer Group	FY 2022	FY 2023	Increase
1 - Large	\$62.55	\$63.11	\$0.56
1 - Small	\$67.24	\$68.12	\$0.88
2 - Large	\$63.86	\$64.29	\$0.43
2 - Small	\$66.58	\$67.01	\$0.43
3 - Large	\$61.30	\$61.88	\$0.58
3 - Small	\$61.17	\$61.85	\$0.68

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FY 2023 Medicaid Rates- Quality Points

- Old quality incentive program eliminated- all funding going to new quality program
 - \$1.79 reduction remains
- Bottom 25th percentile of providers excluded- 10.75 quality points
- CHOPs July 1, 2021 and after will be excluded from receiving funding
- Price per point = \$1.82
- 695 providers earned an average of \$29.08

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FY 2023 Medicaid Rates- Quality Points

- 695 providers earned an average of \$29.08

Peer Group	Average Quality Point Funding*
1 - Large	\$29.77
1 - Small	\$29.01
2 - Large	\$29.25
2 - Small	\$29.15
3 - Large	\$30.05
3 - Small	\$28.54

*Quality Funding Before the \$1.79 Quality Deducton

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FY 2023 Medicaid Rates- Quality Points

Quality Incentive					
Peer Group	Total Providers	Providers Qualified	Percent Excluded	Avg Pts Earned	Avg Incentive
1-L	50	40	20.0%	16.36	\$ 29.77
1-S	87	69	20.7%	15.94	\$ 29.01
2-L	194	147	24.2%	16.07	\$ 29.25
2-S	383	287	25.1%	16.02	\$ 29.15
3-L	34	25	26.5%	16.51	\$ 30.05
3-S	179	127	29.1%	15.68	\$ 28.54
FP	737	572	22.4%	16.23	\$ 29.54
NFP	177	115	35.0%	14.88	\$ 27.09
Gov	13	8	38.5%	15.13	\$ 27.53
SWA	927	695	25.0%	15.98	\$ 29.08

Average points and incentive earned for 695 qualifying providers only
Dollar value per point is \$1.82 for July 1, 2022

Quality Distribution		
Points Range	Provider Count	Points Range
10.75-11.75	62	6.7%
12-13.75	144	15.5%
14-15.75	150	16.2%
16-17.75	128	13.8%
18-19.75	126	13.6%
22-22.5	85	9.2%
Qualified	695	75.0%
Excluded	232	25.0%

<10.75 did not qualify for incentive

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FY 2023 Medicaid Rates Comparison

July 1, 2022 - Average Rates Comparison													
Peer Group	Direct Rate	Anc / Sup	Capital	Tax Add-on	5165.15 Add-on	Critical Access	5165.15 Roll-back	Quality Incentive	7/1/22 Rate	7/1/21 Rate	Incr / (Decr)	Provider Count	
1-L	124.55	63.11	11.11	2.80	16.44	-	(1.79)	23.82	\$240.04	\$233.92	\$ 6.12	50	
1-S	119.24	68.12	10.50	1.76	16.44	0.13	(1.79)	23.01	\$237.41	\$230.82	\$ 6.59	87	
2-L	118.59	64.29	10.17	2.45	16.44	0.05	(1.79)	22.17	\$232.37	\$227.67	\$ 4.70	194	
2-S	118.80	67.01	10.79	2.04	16.44	0.03	(1.79)	21.84	\$235.16	\$228.96	\$ 6.20	383	
3-L	114.89	61.88	7.99	1.68	16.44	-	(1.79)	22.10	\$223.18	\$218.29	\$ 4.89	34	
3-S	112.56	61.85	9.54	1.40	16.44	-	(1.79)	20.25	\$220.26	\$217.16	\$ 3.09	179	
FP	119.31	65.09	10.31	2.36	16.44	0.04	(1.79)	22.93	\$234.69	\$229.22	\$ 5.46	737	
NFP	111.98	65.57	10.35	0.65	16.44	-	(1.79)	17.60	\$220.80	\$217.30	\$ 3.50	177	
Gov	108.83	62.91	9.66	0.11	16.44	-	(1.79)	16.94	\$213.10	\$211.03	\$ 2.08	13	
SWA-7/1/22	117.76	65.15	10.31	2.00	16.44	0.03	(1.79)	21.83	\$231.73	\$226.44	\$ 5.30	927	
SWA-1/1/22	115.87	64.58	10.30	2.01	16.41	0.07	(1.76)	15.47	\$221.62				
% Change	1.63%	0.88%	0.09%	-0.26%	0.21%	-54.23%	2%	41.13%	4.56%				
SWA-7/1/22	117.76	65.15	10.31	2.00	16.44	0.03	(1.79)	21.83	\$231.73	\$226.44	\$ 5.30	927	
SWA-7/1/21	120.38	64.57	10.29	2.01	16.44	0.07	(1.79)	14.46	\$226.44				
% Change	-2.17%	0.90%	0.12%	-0.20%	0.00%	-55.79%	0%	50.94%	2.34%				

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Statewide Cost per Diem Trend

Statewide Cost per Diem Trend										
Per Diem Analysis	2021	2020	2019	2018	2017	2016	2015	2014	2013	
Medicaid CY Total Rate (January and July 1st)	219.18	205.87	199.21	195.58	193.82	184.74	176.67	174.58	174.28	
Tax Cost Center	\$ 3.77	\$ 3.64	\$ 3.12	\$ 3.13	\$ 2.95	\$ 2.78	\$ 2.61	\$ 2.52	\$ 2.47	
Direct Care Cost Center	128.63	118.09	100.22	97.86	92.15	87.82	85.33	84.21	82.88	
Ancillary / Support Cost Center	105.18	96.67	86.75	85.28	79.95	77.46	76.28	74.57	73.00	
Capital Cost Center	27.17	25.38	23.18	23.93	21.69	21.15	20.59	19.42	19.68	
Franchise/Permit Fees	18.79	17.42	15.72	15.61	15.22	14.66	14.42	14.19	14.20	
Total Allowable Costs Calendar Year	\$ 283.55	\$ 261.20	\$ 228.99	\$ 225.81	\$ 211.95	\$ 203.87	\$ 199.24	\$ 194.89	\$ 192.21	
Total Estimated Medicaid Loss per day	\$ (64.37)	\$ (55.33)	\$ (29.78)	\$ (30.23)	\$ (18.13)	\$ (19.12)	\$ (22.57)	\$ (20.31)	\$ (17.93)	
Direct Care Consolidated Services	\$ 22.52	\$ 21.95	\$ 23.13	\$ 23.52	\$ 22.14	\$ 21.90	\$ 22.28	\$ 21.77	\$ 21.51	
Ancillary/Support Consolidated Services	0.53	0.46	0.45	0.42	0.34	0.28	0.25	0.31	1.02	
Consolidated Services - Total ^(A)	\$ 23.05	\$ 22.40	\$ 23.58	\$ 23.94	\$ 22.49	\$ 22.18	\$ 22.54	\$ 22.08	\$ 22.53	
Total Allowable Costs with Consolidated Services	\$ 306.60	\$ 283.60	\$ 252.58	\$ 249.75	\$ 234.44	\$ 226.05	\$ 221.77	\$ 216.97	\$ 214.74	
Total Profit/(Loss) per Diem	\$ (87.42)	\$ (77.73)	\$ (53.37)	\$ (54.17)	\$ (40.61)	\$ (41.30)	\$ (45.10)	\$ (42.99)	\$ (40.49)	
Medicaid CY Total Rate (January and July 1st)	171.81	171.67	176.52	171.20	165.11	164.07	159.62	161.77		
Tax Cost Center	\$ 2.27	\$ 2.23	\$ 2.15	\$ 2.01	\$ 1.83	\$ 1.67	\$ 1.37	\$ 1.28		
Direct Care Cost Center	83.02	84.36	84.98	84.93	89.92	70.11	63.20	63.32		
Ancillary / Support Cost Center	72.05	71.95	71.48	70.87	73.29	70.60	61.01	60.10		
Capital Cost Center	19.29	18.71	18.46	18.11	17.96	17.20	14.22	13.69		
Franchise/Permit Fees	13.72	13.23	14.13	10.67	7.19	7.28	6.19	5.20		
Total Allowable Costs Calendar Year	\$ 190.36	\$ 190.48	\$ 191.20	\$ 186.59	\$ 190.18	\$ 166.86	\$ 146.00	\$ 143.59		
Total Estimated Medicaid Loss per day	\$ (18.54)	\$ (18.81)	\$ (14.68)	\$ (15.39)	\$ (25.07)	\$ (2.79)	\$ 13.62	\$ 18.19		
Direct Care Consolidated Services	\$ 21.18	\$ 19.44	\$ 17.62	\$ 17.64	\$ 19.76	\$ 14.41	\$ 10.48	\$ 9.55		
Ancillary/Support Consolidated Services	0.87	0.88	0.79	0.20	-	-	-	-		
Consolidated Services - Total ^(A)	\$ 22.05	\$ 20.32	\$ 18.41	\$ 17.85	\$ 19.76	\$ 14.41	\$ 10.48	\$ 9.55		
Total Allowable Costs with Consolidated Services	\$ 212.41	\$ 210.80	\$ 209.61	\$ 204.43	\$ 209.94	\$ 181.27	\$ 156.48	\$ 153.14		
Total Profit/(Loss) per Diem	\$ (40.60)	\$ (39.13)	\$ (33.09)	\$ (33.24)	\$ (44.83)	\$ (17.20)	\$ 3.15	\$ 6.64		

^(A) ODM requires the filing of total consolidated services expenses, regardless of payer type.
 *Please Moran separates this cost in order to better reflect routine costs related to Medicaid only residents.

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Direct Care Hours per Patient Day Trend

Direct Care Hours Per Patient Day	2021	2020	2019	2018	2017	2016	2015	2014	2013
Administrative Nursing	\$ 0.17	\$ 0.18	\$ 0.15	\$ 0.16	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.13
RNs (Includes Charge Nurse)	0.54	0.55	0.51	0.52	0.50	0.50	0.52	0.52	0.50
LPNs (Includes Charge Nurse)	0.94	0.99	0.95	0.97	0.96	0.97	0.96	0.94	0.95
Aides (Includes Hab Aides)	2.10	2.23	2.14	2.23	2.23	2.27	2.30	2.32	2.35
Total Direct *Hands on* Care	3.58	3.77	3.61	3.72	3.69	3.73	3.77	3.78	3.81
Total Direct Care Cost Center	3.78	3.97	3.79	3.91	3.85	3.89	3.93	3.94	3.96

Statewide Average Occupancy	72.70%	76.85%	82.96%	82.24%	83.17%	84.05%	84.41%	85.37%	84.32%
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Direct Care Hours Per Patient Day	2012	2011	2010	2009	2008	2007	2006	2005
Administrative Nursing	\$ 0.13	\$ 0.12	\$ 0.12	\$ 0.12	\$ 0.17	\$ 0.09	\$ 0.09	\$ 0.10
RNs (Includes Charge Nurse)	0.50	0.50	0.48	0.45	0.47	0.48	0.43	0.48
LPNs (Includes Charge Nurse)	0.96	0.97	0.99	1.02	1.04	1.04	1.01	0.99
Aides (Includes Hab Aides)	2.39	2.44	2.48	2.52	2.51	2.58	2.57	2.62
Total Direct *Hands on* Care	3.84	3.91	3.96	3.99	4.01	4.10	4.00	4.09
Total Direct Care Cost Center	3.98	4.05	4.10	4.14	4.30	4.38	4.33	4.41

Statewide Average Occupancy	84.88%	85.51%	86.01%	86.31%	87.19%	85.49%	88.18%	87.46%
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Case Mix Score Trends

Case Mix Trend					
Peer Group	7/1/2021 Avg Case Mix	1/1/2022 Avg Case Mix	Increase / (Decrease)	7/1/2022 Avg Case Mix	Increase / (Decrease)
1-L	3.0576	2.9219	-4.44%	2.9825	2.08%
1-S	2.9046	2.8367	-2.34%	2.8555	0.66%
2-L	2.9948	2.8722	-4.09%	2.9223	1.74%
2-S	2.9849	2.8762	-3.64%	2.9275	1.78%
3-L	3.0443	2.9264	-3.87%	2.9834	1.95%
3-S	3.0013	2.8791	-4.07%	2.9229	1.52%
FP	3.0301	2.8751	-5.12%	2.9636	3.08%
NFP	2.8498	2.8895	1.39%	2.7701	-4.13%
Gov	2.8404	2.7710	-2.44%	2.7621	-0.32%
SWA	2.9891	2.8768	-3.76%	2.9238	1.63%
SWA	2.9891			2.9238	-2.19%

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Case Mix Score Trends

Peer Group	June 2021			September 2021			December 2021			March 2022		
	Total	Medicaid	No PA 1/2	Total	Medicaid	No PA 1/2	Total	Medicaid	No PA 1/2	Total	Medicaid	No PA 1/2
Statewide	2.7753	2.7877	2.8843	2.7477	2.7588	2.8618	2.7794	2.7871	2.8902	2.8262	2.8573	2.9661
Peer Group 1	2.7176	2.7664	2.8539	2.7210	2.7539	2.8430	2.7583	2.7874	2.8655	2.8139	2.8631	2.9608
Peer Group 2	2.7882	2.7898	2.8849	2.7573	2.7571	2.8603	2.7941	2.7971	2.8994	2.8260	2.8486	2.9597
Peer Group 3	2.7772	2.7955	2.9023	2.7390	2.7665	2.8777	2.7532	2.7599	2.8811	2.8345	2.8768	2.9870

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Monitoring Quality Points

Quality Metric Assessment Period

- Ohio Medicaid utilizes the most recent four-quarter average for each long-stay quality metric to set the following July 1 rates. Quality points are only calculated on July 1 and will count towards the following January 1 rate period.
- We recommend reviewing quality data throughout the year.
- Please note, historically, a facility has needed quality data for all four quarters of the calendar year to qualify for the quality incentive.

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Monitoring Quality Points- Quality Metrics

There are four long-stay quality metrics that are used to calculate the quality incentives for the Ohio Medicaid rate each July 1:

- (a) The percentage of the nursing facility's long-stay residents at high risk for pressure ulcers who had pressure ulcers;
- (b) The percentage of the nursing facility's long-stay residents who had a urinary tract infection;
- (c) The percentage of the nursing facility's long-stay residents whose ability to move independently worsened;
- (d) The percentage of the nursing facility's long-stay residents who had a catheter inserted and left in their bladder.

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Monitoring Quality Points- Points Distribution

Quality Measure	For QM values ...		Number of QM points is...
	Between...	And...	
Percentage of residents who have/had a catheter inserted and left in their bladder (long-stay)	0.0000	0.0050	100
	0.0051	0.0126	80
	0.0127	0.0217	60
	0.0218	0.0356	40
	0.0357	1.0000	20
Percentage of residents with a urinary tract infection (long-stay)	0.0000	0.0070	100
	0.0071	0.0160	80
	0.0161	0.0272	60
	0.0273	0.0452	40
	0.0453	1.0000	20

Quality Measure	For QM values ...		Number of QM points is...
	Between...	And...	
Percentage of residents whose ability to move independently worsened (long-stay)	0.0000	0.0821	150
	0.0822	0.1121	135
	0.1122	0.1350	120
	0.1351	0.1568	105
	0.1569	0.1760	90
	0.1761	0.1955	75
	0.1956	0.2153	60
	0.2154	0.2394	45
	0.2395	0.2747	30
	0.2748	1.0000	15
Percentage of high-risk residents with pressure ulcers (long-stay)	0.0000	0.0377	100
	0.0378	0.0584	80
	0.0585	0.0783	60
	0.0784	0.1057	40
	0.1058	1.0000	20

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Monitoring Quality Points- Quality Points Calculation

- Per Ohio Revised Code 5165.26, providers who fall in the bottom group for any given metric are awarded 0 points rather than 20.
- To calculate the quality points earned, sum the four components (use 0 rather than 20 if in the bottom grouping for any given metric) and divide the total by a factor of 20.

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Calculation Example

Metric	Code	Calendar Year Score	Calendar Year Points
Percentage of long-stay residents with acatheter inserted and left in their bladder	406	0.0187	60
Percentage of long-stay residents with aurinary tract infection	407	0.0190	60
Percentage of long-stay residents whose ability to move independently worsened	451	0.1191	120
Percentage of high risk long-stay residents with pressure ulcers	453	0.1523	0
	Total		240
	Factor		20
	Quality Points Earned		12

- In this example, the provider pulled calendar year data and assigned points based on the distributions. Points were earned for all metrics except for pressure ulcers, where 0 points were earned. The total is divided by the factor of 20 for total points earned of 12.

Point Distribution			
406		451	
For QM Values	# Points	For QM Values	# Points
0	0.005	100	0
0.0051	0.0126	80	0.0822
0.0127	0.0217	60	0.1122
0.0218	0.0356	40	0.1351
0.0357	1	0	0.1569
			0.1761
			0.1956
			0.2154
407		453	
For QM Values	# Points	For QM Values	# Points
0	0.007	100	0.2154
0.0071	0.016	80	0.2395
0.0161	0.0272	60	0.2747
0.0273	0.0452	40	0.2748
0.0453	1	0	1

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Where To Find Data

- Quality information is posted quarterly on CMS's Care Compare website under the Datasets ribbon:
<https://data.cms.gov/provider-data/>
 Search for: MDS Quality Measures
- Currently, only the first quarter of 2022 data is available on CMS's dataset.
- An alternative way to run calendar year quality metrics is to run the CASPER report with year-to-date date range. The percentages on the CASPER report can be used to estimate quality points for future rate periods.

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Tips On Reviewing Data

- Double check the measurement period on CMS's dataset to use only the correct periods for analysis.
- Quarter measure scores are available in the dataset as well as the four-quarter average. While four-quarter averages can be used for estimates, please note, the most recent four quarter average is used by Ohio Medicaid to calculate quality points for the rate.
- If data is unavailable for a particular quarter, it may be due to several factors including:
 - The number of residents is too small to reports
 - Not enough data available to calculate a star rating
 - Data not submitted for this reporting period

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ODM Nursing Facility Cost Center Reporting (NFCCR)

- ODM requesting SNF providers to complete the Cost Center Reporting Data for the period July 1, 2021 through December 31, 2021
- Base year reporting of 2019 includes the cost report adjustments - considerations for the 7/1/2021 to 12/31/2021 reporting
- ORC 5165.36 states that “A nursing facility provider shall spend seventy per cent of any additional dollars received by the provider as a result of a rebasing on direct care costs, including employee salaries.”
- ORC 5165.36 indicates that “the department may recover any amounts that are not spent in accordance with this requirement. This requirement applies to the department’s rebasing in fiscal year 2022 and all subsequent rebasing.”

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Certificate of Need

- HB 371- CONs granted between March 9, 2020 – June 18, 2021:
 - 24-month extension to obligate capital expenditures and commencement of construction for a proposed project
 - Transfers of a CON or transfer of the controlling interest in an entity that holds the CON does not void the CON
 - Written notice of the transfer from the transferee
 - Increases the cost overrun threshold from 110% to 150% of the original project cost- civil monetary penalty
 - Applies to CONs granted on or before the effective date of bill- September 23, 2022

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Certificate of Need, cont'd

- Draft emergency rule 5160-1-XX- Repayment of HB 169 funds upon sale of business or bed license
 - Parties entering into a purchase agreement or similar document between March 29, 2022 and June 30, 2023 that outlines the purchase and results in the payment of money for the business or bed license, regardless of when the payment occurs
 - Proceeds from sale < HB 169 funds received- NF shall reimbursement the state the full amount of the sales proceeds
 - Proceeds from sale > HB 169 funds received- reimburse the state the full amount of HB 169 funds received and retain any amount remaining from the sale

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Certificate of Need, cont'd

- Projects requiring a CON:
 - Bed Relocations-
 - Intra-county bed transfers
 - Contiguous county bed transfers
 - 30 bed limited to the same existing nursing facility; no further applications accepted until a period of 5 years has elapsed
 - Inter-county bed transfers- Over-bedded county to Under-bedded county
 - Beds are limited to the number of beds the county is under-bedded
 - Next comparative review process – January 1, 2024
 - Bed Need Determination- October 2023
 - New long-term care facility or replacement facility
 - Renovation or addition to existing long-term care facility
 - Reviewable project costs greater than \$4 million

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Certificate of Need, cont'd

CON Activity Trends

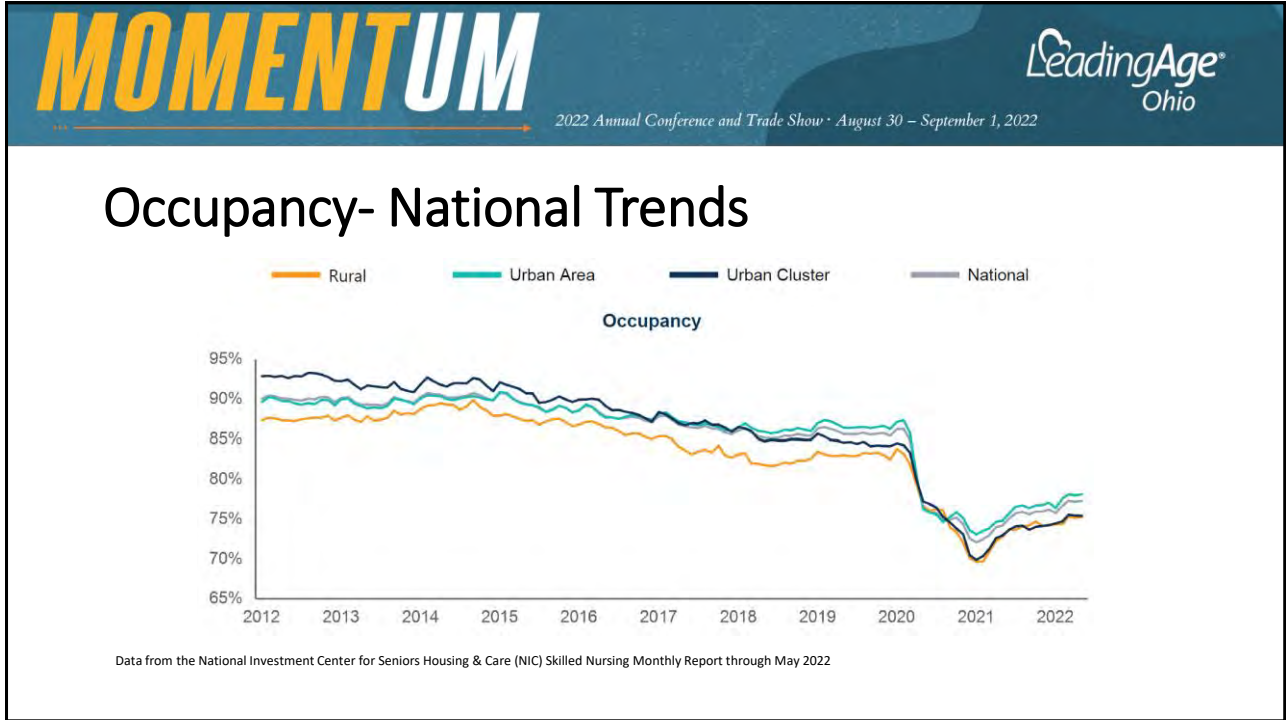
	2022	2021	2020	2019	2018
SWA Price per Bed	not avail	\$ 9,018	\$ 7,722	\$ 10,157	\$ 14,538
Total Beds	not avail	165	688	1,548	374
Total CONs filed	4	10	27	61	18

In 2020, 23 CONs filed prior to March 2020

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SNF Industry Trends

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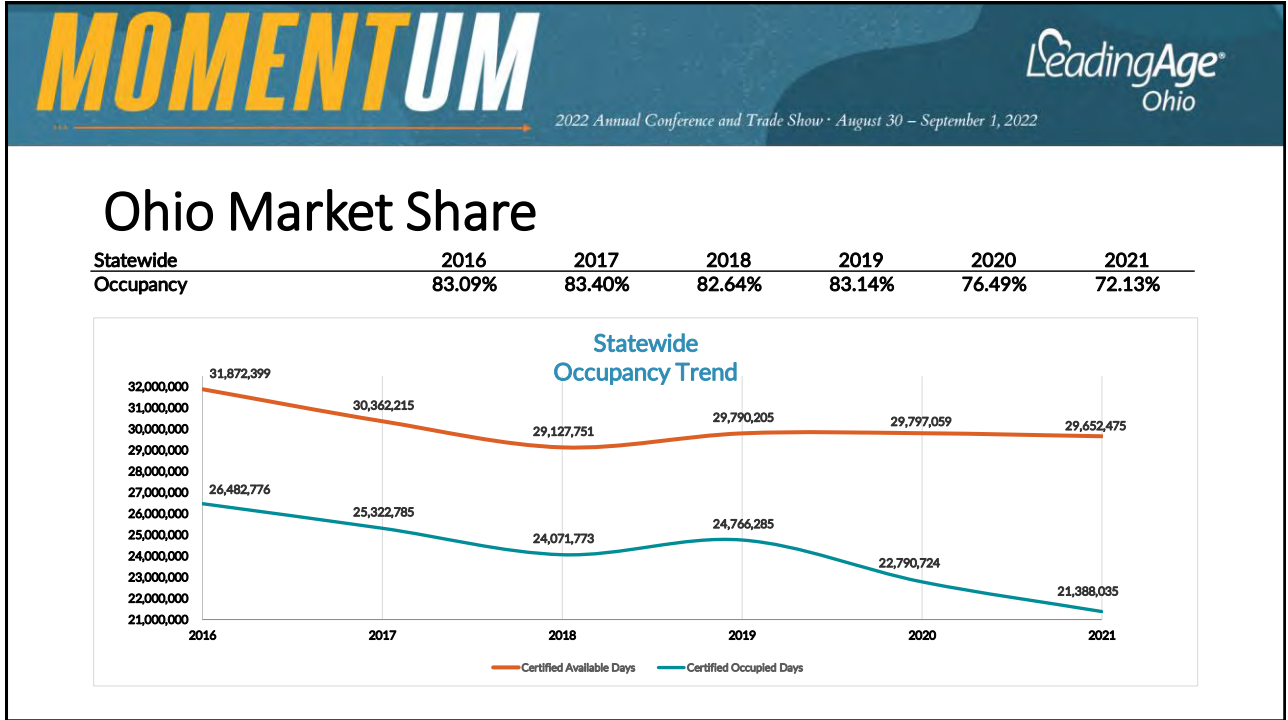
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Occupancy Trends- 2019 - Current

	12/31/2019	12/31/2020	12/31/2021	7/31/2022	% shortfall
National	80.2%	67.9%	72.6%	74.4%	5.8%
Ohio	81.8%	69.8%	74.0%	76.1%	5.7%
Michigan	82.1%	67.4%	72.0%	75.8%	6.3%
Pennsylvania	86.3%	71.6%	75.7%	77.0%	9.3%
Indiana	75.2%	64.0%	69.2%	71.0%	4.2%
Kentucky	85.3%	72.7%	78.7%	79.9%	5.4%
Tennessee	75.8%	65.1%	68.9%	69.2%	6.6%
Illinois	72.8%	62.1%	66.4%	68.1%	4.7%

Sources: PBJ for 2019 Occupancy , NHSN for 20-22 Occupancy

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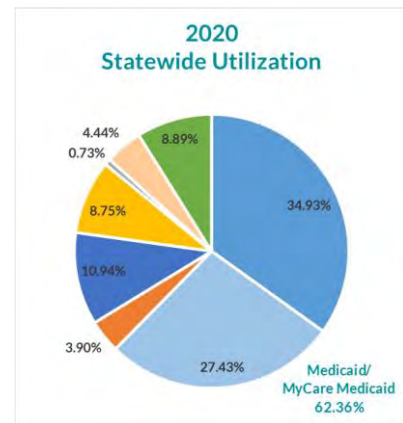
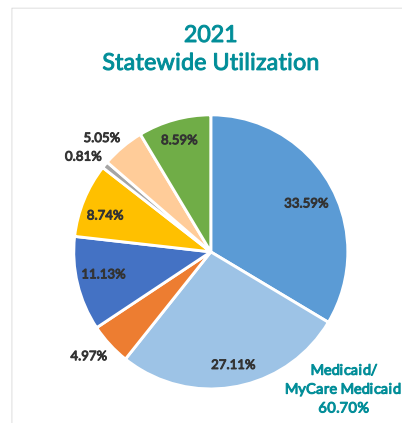
Statewide Utilization

	Medicaid	MyCare Medicaid	Medicaid Managed Care	Private	Medicare	MyCare Medicare	Medicare Managed Care	Veterans/ Other	Total
2020 Inpatient Days	7,960,629	6,251,489	889,103	2,492,283	1,993,801	165,460	1,010,851	2,027,109	22,790,724
2021 Inpatient Days	7,183,772	5,799,310	1,062,650	2,380,954	1,869,149	173,596	1,080,580	1,838,024	21,388,035
Difference	(776,857)	(452,179)	173,548	(111,329)	(124,652)	8,136	69,729	(189,085)	(1,402,689)
Residents	(2,128)	(1,239)	475	(305)	(342)	22	191	(518)	(3,843)
Percent Change	-9.76%	-7.23%	19.52%	-4.47%	-6.25%	4.92%	6.90%	-9.33%	-6.15%

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Statewide Utilization

- Medicaid
- MyCare Medicaid
- Medicaid Managed Care
- Private
- Medicare
- MyCare Medicare
- Medicare Managed Care
- Veterans/Other



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Statewide Cost Trend Analysis

Statewide	2016	2017	2018	2019	2020	2021
Tax Cost Center	\$ 2.78	\$ 2.95	\$ 3.13	\$ 3.12	\$ 3.64	\$ 3.77
Direct Care Cost Center	\$ 87.82	\$ 92.15	\$ 97.86	\$ 100.22	\$ 118.09	\$ 128.63
Ancillary/Support Cost Center	\$ 77.46	\$ 79.95	\$ 85.28	\$ 86.75	\$ 96.67	\$ 105.18
Capital Cost Center	\$ 21.15	\$ 21.69	\$ 23.93	\$ 23.18	\$ 25.38	\$ 27.17
Franchise Permit Fee	\$ 14.66	\$ 15.22	\$ 15.61	\$ 15.72	\$ 17.42	\$ 18.79
Total Allowable Cost per Day	\$ 203.87	\$ 211.96	\$ 225.81	\$ 228.99	\$ 261.20	\$ 283.55
Percent Change	2.33%	3.97%	6.53%	1.41%	14.06%	8.56%
CPI Inflation Percentage	2.10%	2.10%	1.90%	2.30%	1.40%	7.50%

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Cost Trend Analysis by Peer Group

Peer Group	2016 Cost	2017 Cost	2018 Cost	2019 Cost	2020 Cost	2021 Cost	% Change '20 - '21
CSA1-L	\$211.27	\$219.17	\$ 238.89	\$ 253.99	\$ 286.02	\$ 310.30	8.49%
CSA1-S	215.76	223.38	263.01	258.53	293.64	308.69	5.13%
CSA2-L	205.88	213.92	223.57	227.08	258.95	286.19	10.52%
CSA2-S	209.35	216.83	229.25	231.86	265.69	284.74	7.17%
CSA3-L	184.91	194.72	205.49	208.30	240.99	265.73	10.27%
CSA3-S	191.67	200.33	205.60	209.74	235.78	262.67	11.40%
Statewide	\$203.87	\$ 211.96	\$ 225.81	\$ 228.99	\$ 261.20	\$ 283.55	8.56%

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Staffing & Compensation Patterns- Hours per patient day

Statewide - Hours per Patient Day	2016	2017	2018	2019	2020	2021	% Change '20 - '21
Administrative Nursing	0.14	0.14	0.16	0.15	0.18	0.17	-1.41%
RNs (Includes Charge Nurse)	0.50	0.50	0.52	0.51	0.55	0.54	-2.37%
LPNs (Includes Charge Nurse)	0.97	0.96	0.97	0.95	0.99	0.94	-5.09%
Aides (Includes Hab Aides)	2.27	2.23	2.23	2.14	2.23	2.10	-5.65%
Total Direct "Hands On" Care	3.73	3.69	3.72	3.61	3.77	3.58	-5.03%
Total Direct Care	3.89	3.85	3.91	3.79	3.97	3.78	-4.74%
Total Ancillary / Support	2.00	2.02	2.12	2.12	2.25	2.28	1.29%
Total Facility Hours per Day	5.89	5.87	6.03	5.90	6.22	6.06	-2.56%

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Staffing & Compensation Patterns- Full time equivalents

Statewide - FTEs	2016	2017	2018	2019	2020	2021	% Change '20 - '21
Administrative Nursing	1.82	1.80	1.87	1.87	1.95	1.79	-8.19%
RNs (Includes Charge Nurse)	7.07	6.90	6.78	6.78	6.64	6.04	-9.05%
LPNs (Includes Charge Nurse)	13.84	13.65	13.12	12.93	12.29	10.88	-11.47%
Aides (Includes Hab Aides)	32.06	31.01	29.78	28.77	27.16	23.95	-11.83%
Total Direct "Hands On" Care	52.97	51.56	49.68	48.48	46.09	40.87	-11.34%
Total Direct Care	55.06	53.67	51.90	50.71	48.41	43.01	-11.16%
Total Ancillary / Support	27.76	27.66	26.88	26.94	26.06	24.84	-4.70%
Total Facility FTEs	82.82	81.33	78.78	77.65	74.48	67.85	-8.90%

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Staffing & Compensation Patterns- Wage Rates

Position	2021 Wage per hour	2020 Wage per hour	\$ Change	% Change
Director of Nursing	44.48	44.41	0.07	0.2%
RN Charge Nurse	36.30	34.12	2.18	6.4%
LPN Charge Nurse	28.91	28.13	0.79	2.8%
Registered Nurse	33.81	32.27	1.54	4.8%
Licensed Practical Nurse	27.57	25.60	1.97	7.7%
Nurse Aides	17.21	16.02	1.19	7.4%

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SNF Industry Trends- Staffing and Wages

Ohio Nursing Facility Trends 2021-2020										
Sample: State of Ohio Nursing Facilities With 12 Months of Cost Data for Each Year										
Staffing Trends										
Direct Care										
Wage Cost Center	2021					2020				
	Wages	Hours	WPH	FTEs	Ratio	Wages	Hours	WPH	FTEs	Ratio
Director of Nursing	106,066	2,382	44.52	1.15	106,155	2,469	43.00	1.19		
RN Charge Nurse	92,518	2,550	36.28	1.23	89,749	2,619	34.27	1.26		
LPN Charge Nurse	47,087	1,627	28.95	0.78	44,660	1,658	26.93	0.80		
Registered Nurse	327,934	9,704	33.80	4.67	352,479	10,873	32.42	5.23		
Licensed Practical Nurse	565,599	20,492	27.60	9.85	600,818	23,433	25.64	11.27		
Nurse Aides	834,762	48,501	17.21	23.32	881,236	55,001	16.02	26.44		
Habilitation Staff	3,198	189	16.94	0.09	4,592	289	15.89	0.14		
Respiratory Therapist	17,104	514	33.25	0.25	14,800	472	31.38	0.23		
Quality Assurance	11,956	358	33.43	0.17	12,830	413	31.04	0.20		
Other Direct Care	17,703	657	26.96	0.32	23,041	842	27.35	0.40		
Home Office Costs/Direct Care	11,116	255	43.59	0.12	11,160	252	44.33	0.12		
Direct Care Nursing & Hab/Rehab	2,035,043	87,227	23.33	41.94	2,141,520	98,320	21.78	47.27		
In-House Trainer Wages	746	26	28.17	0.01	718	27	26.49	0.01		
Classroom Wages - Nurse Aides	357	25	14.21	0.01	1,083	81	13.35	0.04		
Nurse Aide Training	1,104	52	21.37	0.02	1,801	108	16.64	0.05		
Physical Therapist	32,274	770	41.90	0.37	27,996	629	44.50	0.30		
Physical Therapist Assistant	23,993	784	30.60	0.38	24,159	777	31.11	0.37		
Occupational Therapist	23,025	559	41.16	0.27	19,442	467	41.63	0.22		
Occupational Therapist Assistant	20,450	677	30.20	0.33	20,060	648	30.95	0.31		
Speech Therapist	16,730	385	43.49	0.18	15,164	347	43.73	0.17		
Direct Care Therapies	116,472	3,175	36.68	1.53	106,821	2,867	37.25	1.38		
Staff Development - Direct Care	3,191	114	28.01	0.05	4,137	143	28.90	0.07		
PRT, Fringe Benefits, Staff Development	3,191	114	28	0.05	4,137	143	28.90	0.07		
Total Direct Care	2,155,809	90,568	23.80	43.54	2,254,279	101,439	22.22	48.77		
Percent Change 2021/2020	-4%	-11%	7%	-11%						

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SNF Industry Trends- Staffing and Wages

Ohio Nursing Facility Trends 2021-2020										
Sample: State of Ohio Nursing Facilities With 12 Months of Cost Data for Each Year										
Staffing Trends										
Indirect										
Wage Cost Center	2021					2020				
	Wages	Hours	WPH	FTEs	Ratio	Wages	Hours	WPH	FTEs	Ratio
Dietitian	15,275	636	24.03	0.31	15,547	633	24.55	0.30		
Food Service Supervisor	33,884	1,409	24.06	0.68	33,230	1,409	23.58	0.68		
Dietary Personnel	199,678	14,220	14.04	6.84	191,885	14,864	12.91	7.15		
Dietary	248,836	16,264	15.30	7.82	240,661	16,907	14.23	8.13		
Medical/Habilitation Records	25,002	1,285	19.46	0.62	24,866	1,330	18.70	0.64		
Habilitation and Pharmaceutical	25,002	1,285	19.46	0.62	24,866	1,330	18.70	0.64		
Activity Director	25,398	1,305	19.46	0.63	25,299	1,400	18.79	0.67		
Activity Staff	45,586	3,178	14.34	1.53	46,771	3,465	13.50	1.67		
Recreational Therapist for NFs	80	5	17.53	0.00	162	7	23.64	0.00		
Social Work/Counseling	37,260	1,505	24.76	0.72	38,572	1,592	24.23	0.77		
Social Services/Pastoral Care	38,900	1,564	24.87	0.75	40,589	1,682	24.13	0.81		
Activities, Habilitation and Social Services	147,224	7,557	19.48	3.63	152,392	8,145	18.71	3.92		
Administrator	88,938	1,647	53.99	0.79	89,142	1,663	53.59	0.80		
Other Administrative Personnel	162,164	7,073	22.93	3.40	181,090	7,327	24.72	3.52		
Security Services	1,665	118	14.17	0.06	1,782	119	14.96	0.06		
Resident Transportation	2,334	154	15.19	0.07	2,697	169	15.95	0.08		
Laundry/Housekeeping Supervisor	18,097	959	18.86	0.46	17,168	930	18.46	0.45		
Housekeeping	94,830	7,437	12.75	3.58	99,724	8,284	12.04	3.98		
Laundry and Linen	31,458	2,508	12.54	1.21	32,980	2,737	12.05	1.32		
Accounting	8,063	300	26.85	0.14	11,385	423	26.91	0.20		
Data Services (salary)	1,912	61	31.26	0.03	1,989	64	31.32	0.03		
Home Office Ancillary Care	30,145	1,246	40.23	0.60	45,987	1,214	37.87	0.58		
Administrative and General	459,608	21,504	21.37	10.34	483,944	22,931	21.10	11.02		
Plant Operations/Maintenance Super.	33,653	1,424	23.64	0.68	32,086	1,342	23.92	0.64		
Plant Operations/Maintenance	35,073	1,822	19.25	0.88	35,399	1,889	18.74	0.91		
Maintenance	68,726	3,246	21.17	1.56	67,486	3,231	20.89	1.55		
Total Indirect	949,397	49,856	19.04	23.97	969,349	52,544	18.45	25.26		
Percent Change 2021/2020	-2%	-5%	3%	-5%						
Grand Total	3,105,206	140,424	22.11	67.51	3,223,628	153,983	20.93	74.03		
Percent Change 2021/2020	-4%	-9%	6%	-9%						

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Purchased Nursing

Statewide Purchased Nursing Avg PPD	2016	2017	2018	2019	2020	2021	% Change '20 - '21
RNs	\$ 0.23	\$ 0.29	\$ 0.39	\$ 0.49	\$ 1.06	\$ 2.29	116.04%
LPNs	0.44	0.77	0.87	1.20	2.02	5.65	179.70%
Aides	0.70	1.04	1.39	2.14	2.96	6.95	134.80%
Total Purchased Nursing	\$ 1.37	\$ 2.10	\$ 2.65	\$ 3.83	\$ 6.04	\$ 14.89	146.52%

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Workforce

- From the 2022-2023 Nursing Home Salary & Benefits Report, published by LeadingAge Partner Hospital & Healthcare Compensation Service
 - RNs hourly rates increased by **11.08%** in 2022, compared to 4.08% in 2021- National hourly rate- **\$34.58**
 - LPNs hourly rates increased by **9.38%** in 2022, which was nearly double the rate increase in 2021 and triple that of 2020 - National hourly rate- **\$26.46**
 - CNAs hourly rates increased by **11.15%** in 2022, compared to 7.13% in 2021- National hourly rate- **\$16.87**
 - Over 50% of respondents reported paying sign on bonuses to attract new employees

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Workforce, cont'd

- Over 50% of respondents reported paying sign on bonuses to attract new employees
 - RNs- \$4,566 average sign-on bonus
 - LPNs- \$3,494 average sign-on bonus
 - CNAs- \$2,146 average sign-on bonus

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Medicare Update

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FY 2023 SNF Final Payment Rule

- CMS issued the final payment rule on July 29, 2022
- CMS estimated increase in aggregate payments to SNFs = \$904 million, or 2.7%
 - Base market basket adjustment of 3.9%, forecast error adjustment of 1.5%, and a productivity adjustment of -.3% = 5.1% increase
 - Parity adjustment of -2.3%
- SNF QRP- reduction of \$30.9 million
 - 3 additional measures for FY 2024
 - Influenza Vaccination Coverage among Healthcare Personnel
 - Data will come from NHSN plus census data from the MDS
 - SNF is required to submit a single influenza vaccination summary report at the end of the report period- October 1, 2022-March 31, 2023. Report due on May 15, 2023
 - Transfer of Health Information to the Patient- timing is October 1, 2023 through MDS version 3.0 v1.18.161
 - Transfer of Health Information to the Provider- timing is October 1, 2023 through MDS version 3.0 v1.18.161

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SNF Quality Reporting (QRP) Measures

Measure/Data Collected	Year Rates are Impacted	Data Source
SNF Healthcare-Associated Infections Requiring Hospitalization	FY2023 – 10/1/2022	Claims
COVID-19 Vaccination Coverage among Healthcare Personnel	FY2023 – 10/1/2022	NHSN
Transfer of Health Information to the Provider Post Acute Care (PAC)	FY2024 – 10/1/2023	MDS
Transfer of Health Information to the Patient PAC	FY2024 – 10/1/2023	MDS
Standardized Patient Assessment Data Elements (SPADES)	FY2024 – 10/1/2023	MDS
Influenza Vaccination Coverage Among Healthcare Personnel	FY2024 – 10/1/2023	NHSN

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FY 2022 SNF Final Payment Rule

- SNF VBP-Suppressed again in FY 2023- .8% payment reduction.
 - Full VBP will return in FY 2024
- SNFs with a low volume (< 25 eligible stays)
 - No deduction or payback
 - Enough cases for performance but not the baseline period- will receive achievement points but not improvement points
- COVID-19 patient VBP re-hospitalization measure- new risk adjustment will apply for FY 2023
- 3 new measures for FY 2026 and 2027
 - Healthcare-Acquired Infections- FY 2026; Performance period- FY 2024 and FY 2022 as baseline
 - Total Nursing Hours per Resident Day- FY 2026; Performance period- FY 2024 and FY 2022 as baseline
 - Discharge to Community- FY 2027; Performance period- FY 2024-2025 and FY 2021-2022 as baseline
- Reductions are estimated to be \$185.55 million

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SNF Value Based Purchasing (VBP) Measures

Measure/Data Collected	Year Rates are Impacted	Data Source	Baseline or Initial Data Year	Performance Year
SNF Healthcare-Associated Infections (HAI) Requiring Hospitalization	FY2026 – 10/1/2025	Medicare Claims	FY2022: 10/1/ 2021 – 9/30/ 2022	FY2024: 10/1/2023 – 9/30/2024
Total Nursing Hours per Resident Day Staffing (Total Nurse Staffing)	FY2026 – 10/1/2025	PBJ & MDS	FY2022	FY2024
Discharge to Community- Post Acute Care for SNFs (DTC-PAC)	FY2027 – 10/1/2026	Claims – 2 years of data	FY2021 + FY2022 (10/1/2020 – 9/30/2022)	FY2024 + FY2025 (10/1/2023 – 9/30/2025)
SNF Readmission Measure (SNFRM)	FY2025		FY2019	

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2021 Average PDPM Rates

State	Total Rate
Ohio	\$573.44
Illinois	\$520.15
Indiana	\$581.02
Kentucky	\$532.73
Michigan	\$571.89
Pennsylvania	\$583.57
Tennessee	\$526.13
National	\$575.95

Based 6/2021 Medicare Cost report data

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Impact of Adding Payroll Based Journal (PBJ) Turnover Measures to Five-Star

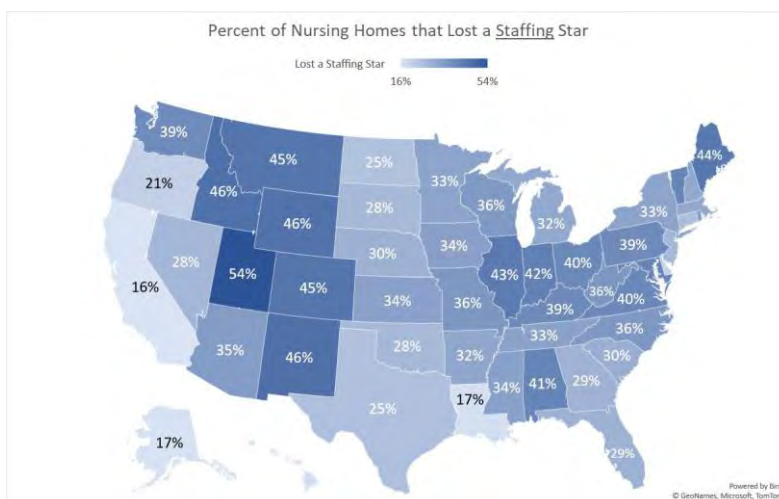
- On July 27, 2022, CMS updated NF Five-Star ratings to reflect modified scoring methodology that includes staff turnover measures for the first time
- The addition of these staff turnover measures comes at a time when then nursing home sector workforce is at a 29-year low
 - Sector is 14.4% below pre-COVID employment levels
- Nationwide, a third of homes had a decrease in staffing rating and a quarter of homes overall saw a decrease

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Five Star SNF Changes Difficulties

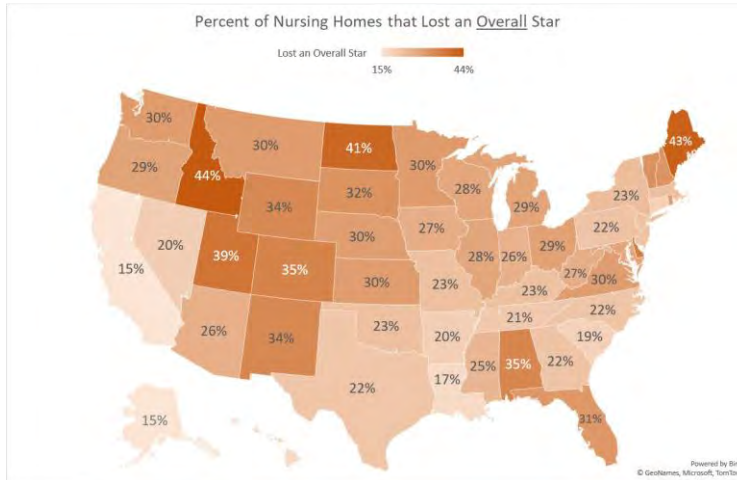
- Four new measures to be incorporated
 - Three of these related to turnover, other from weekend staffing
 - Impact of these drives down staffing and overall rating
- Ohio lost 15.5% of SNF staffing through end of 2021
- 40% of state SNFs lost stars and 51% are rated at one star compared to 25% before the methodology changes
- 29% of Ohio SNFs lost one star for their overall ratings
- CMS is again adjusting the methodology

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Source: The Center for Health Policy Evaluation in Long-Term Care, July 2022

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Source: The Center for Health Policy Evaluation in Long-Term Care, July 2022

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Post Pandemic- How to Emerge Stronger

★ Develop an effective value proposition.

Where can you focus your clinical capabilities to care for under-served populations? Tell your story clearly to hospitals and physicians.

★ Follow the trends..

Watch shifts in demographics and consider how they will change demand for SNF services.

★ Revamp physical facilities.

Take advantage of today's government funding to make the changes that will keep your SNF competitive in the post-COVID-19 marketplace.

★ Perform operational assessments.

Act now to root out and correct problems with billing, collections, and staffing.

★ Plan for carious scenarios.

If census starts to recover, what path will you take? What is your plan if census continues to decline? Continue to reassess and adjust course.

★ Invest in staff.

Revamp staffing to maximize resident outcomes as well as employee health and wellness.

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Questions?