



# What is Happening in the Industry – Understanding What the Data is Telling Us

A Guide to BerryDunn's Senior Living Benchmarking Portal

# About us

**Expertise. Innovation. Independence.**

The qualities that have driven us for more than four decades are the ones we continue to bring to every client engagement—every day.

We are **committed to your success.**



# Agenda

- ▲ **1** What is Happening in the Industry – Understanding what the Data is Telling Us
- ▲ **2** In Depth Guide to BerryDunn's Benchmarking Portal
- ▲ **3** Question and answer





# 1

What is Happening in the  
Industry –  
Understanding what the  
Data is Telling Us

# Occupancy

Desired Trend:  
Up



As facilities start returning to their pre-pandemic occupancy levels, occupancy trends should be considered in both prospective budgeting process and retrospective review of operational performance. Some departments, such as nursing and dietary, are more likely to require patient volume adjustments.

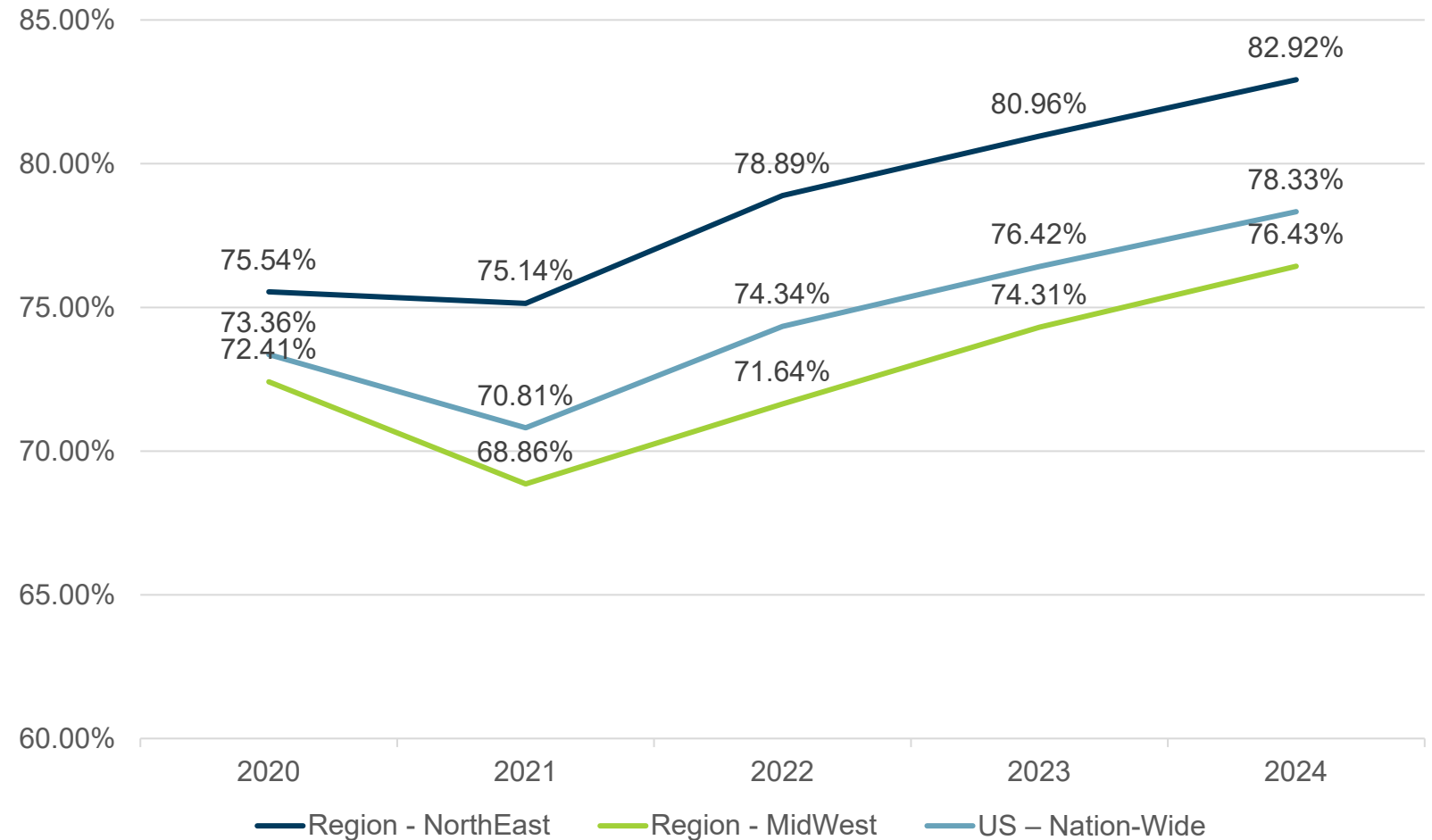
Average SNF & NF patient days as reported by facility via MDS submission

Number of certified beds per CMS enrollment file

**Definition:** The average proportion of available beds occupied on SNF and NF units. Nursing facility occupancy only reflects CMS-certified bed occupancy, and excludes ICF/MR and other long-term care units, such as assisted living.

Occupancy reflects demand for SNF/NF care and the facility's ability to provide staffing to care for these residents. In recent years, some facilities suspended admissions due to lack of qualified caregivers.

**Source:** CMS SNF Provider File



# Skilled Nursing Facility Allowable Cost Per Patient Day

## Desired Trend:

N/A

SNF patient care allowable costs need to be evaluated in comparison with average revenues ppd for all types of payers. These costs, ideally, should be below the lowest reimbursement rate for any payers, including Medicaid, Medicare A, and private pay rate to maintain profitability.

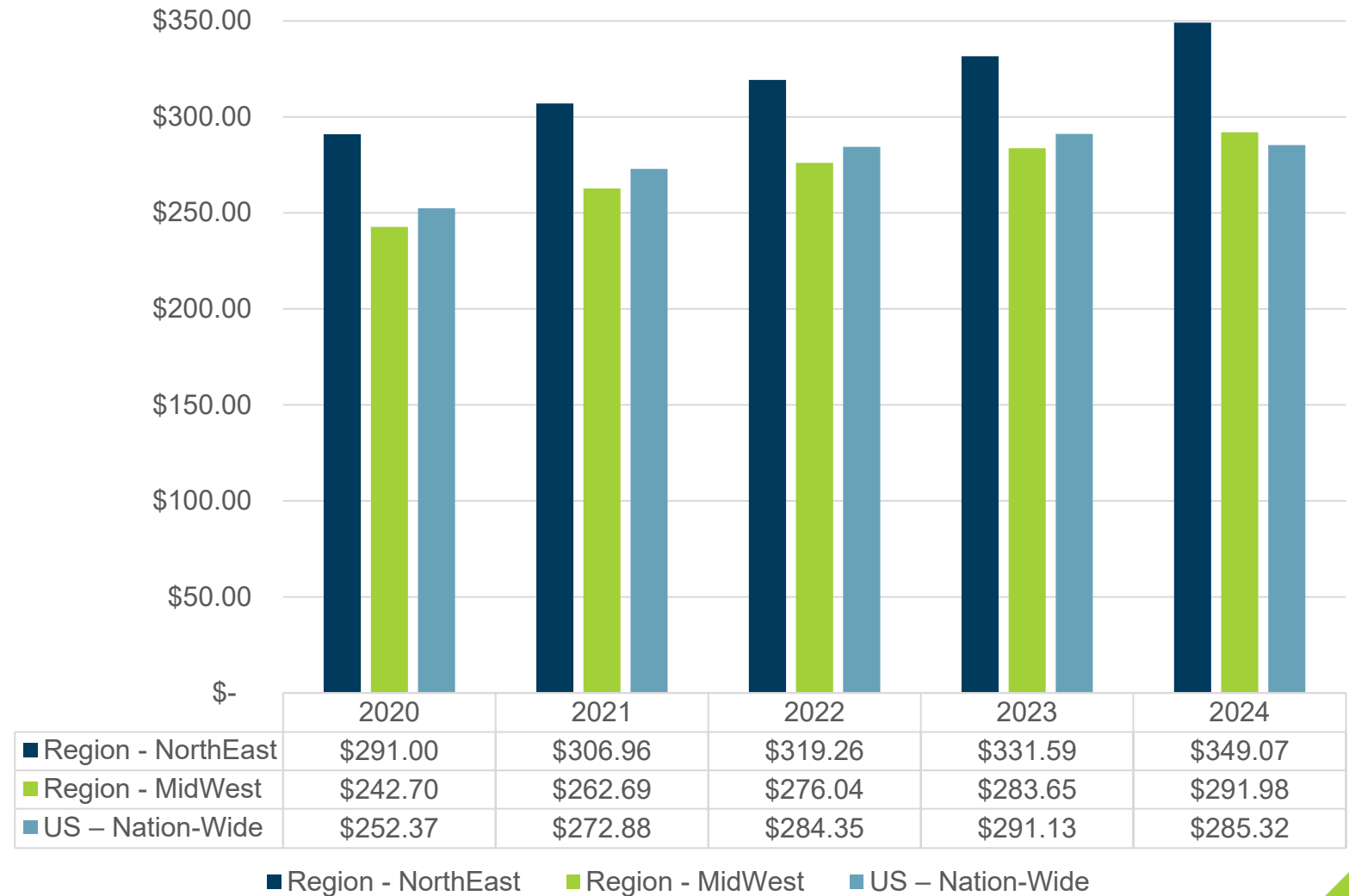
Total Reimbursable SNF Cost

Total SNF Unit Patient Days

**Definition:** SNF/NF average routine cost per patient day regardless of payer. This calculation includes room and board and nursing care costs, including allocated overhead.

This metric does not consider ancillary or non-reimbursable service costs.

**Source:** Medicare cost report



# Current Ratio

Desired Trend:  
Up



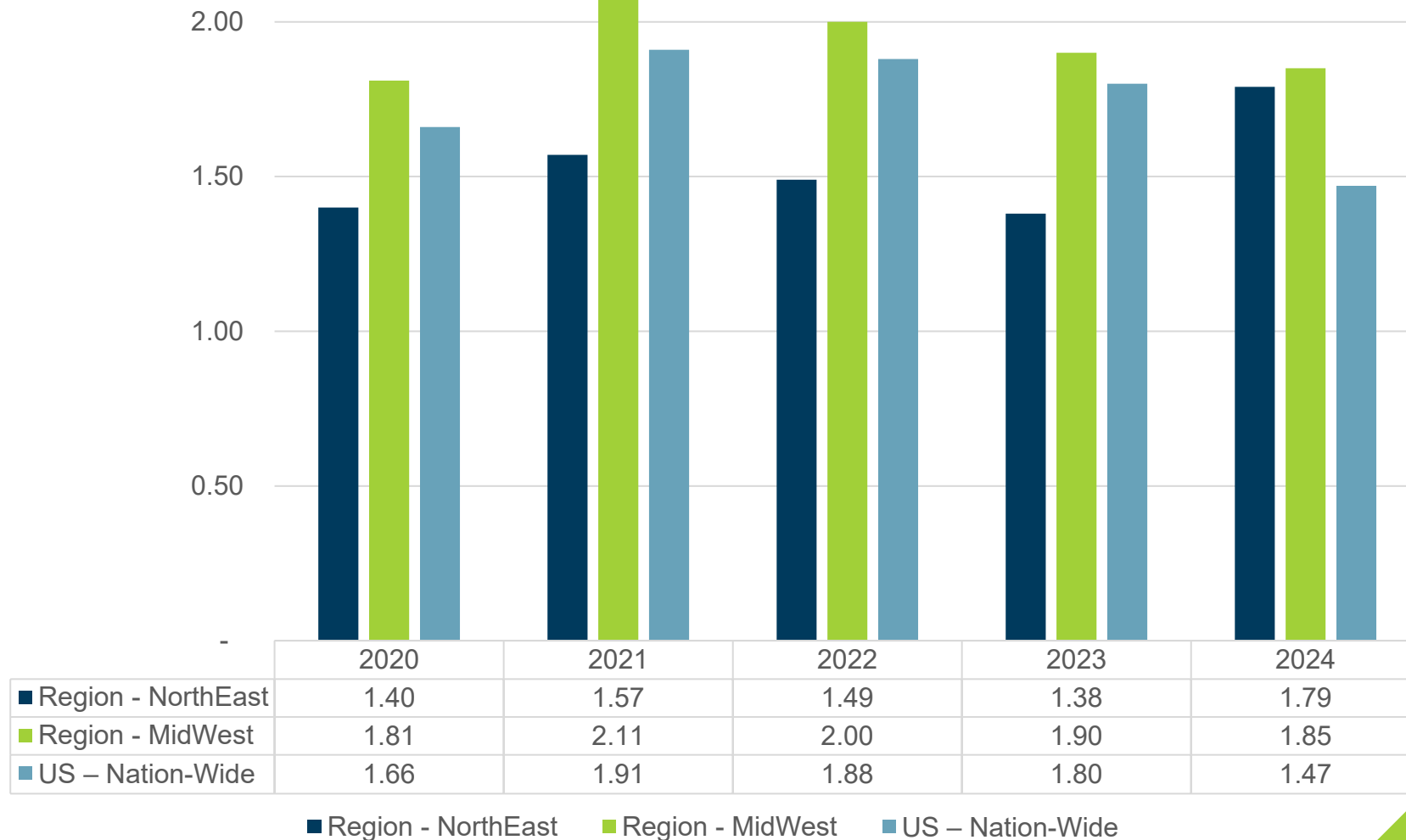
The current ratio measures an organization's liquidity and its ability to satisfy its current debt and other payables. A current ratio of less than 1.00 indicates the potential for liquidity challenges within the next year.

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

**Definition:** Ratio of current assets to current liabilities.

Current assets include cash, receivables, inventory and prepaid expenses, and other assets that could be converted into cash. Current liabilities are the facility's short-term financial obligations that are due within one year or within a normal operating cycle.

**Source:** Medicare cost report



# Operating Margin

**Desired Trend:**  
Positive, Up



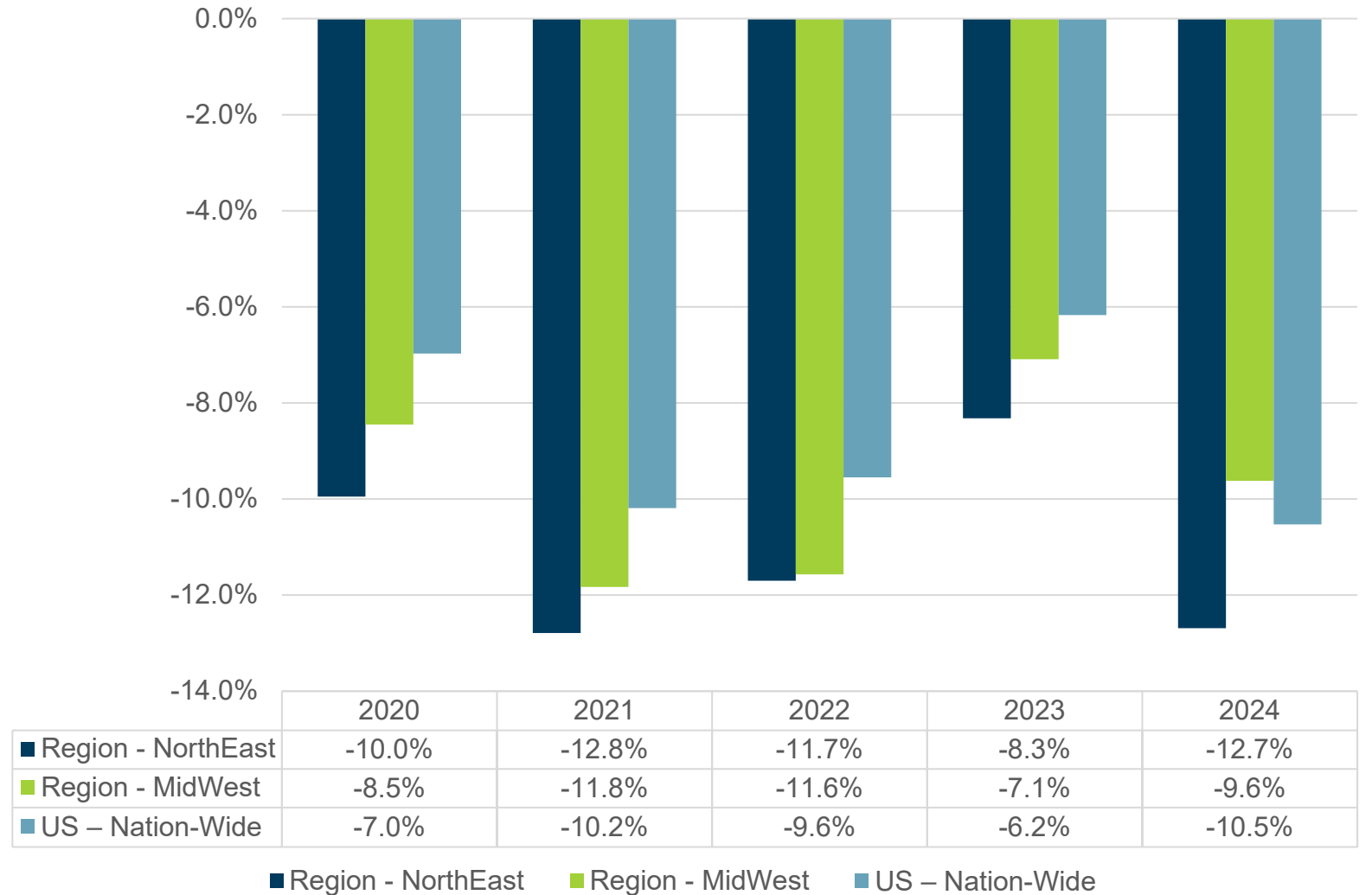
Operating margin indicates overall profitability of the services provided by the facility. The industry has been experiencing a decline in operating margins over the past few years due to lower occupancy levels as compared to pre-COVID-19 pandemic, and an increased cost of labor, including contract and staff wages.

$$\frac{\text{Net Income from Patient Services}}{\text{Net Patient Service Revenue}}$$

**Definition:** The percentage of operating revenue realized as net income.

Operating margin is a profitability ratio and a primary measure of sustainability, based only on facility operations, without other supporting revenues. A positive number indicates the facility is able to sustain current patient care programs without relying on other sources of income, such as fundraising or grants.

**Source:** Medicare cost report





# Direct Care Hours Per Patient Day

Desired Trend:  
N/A

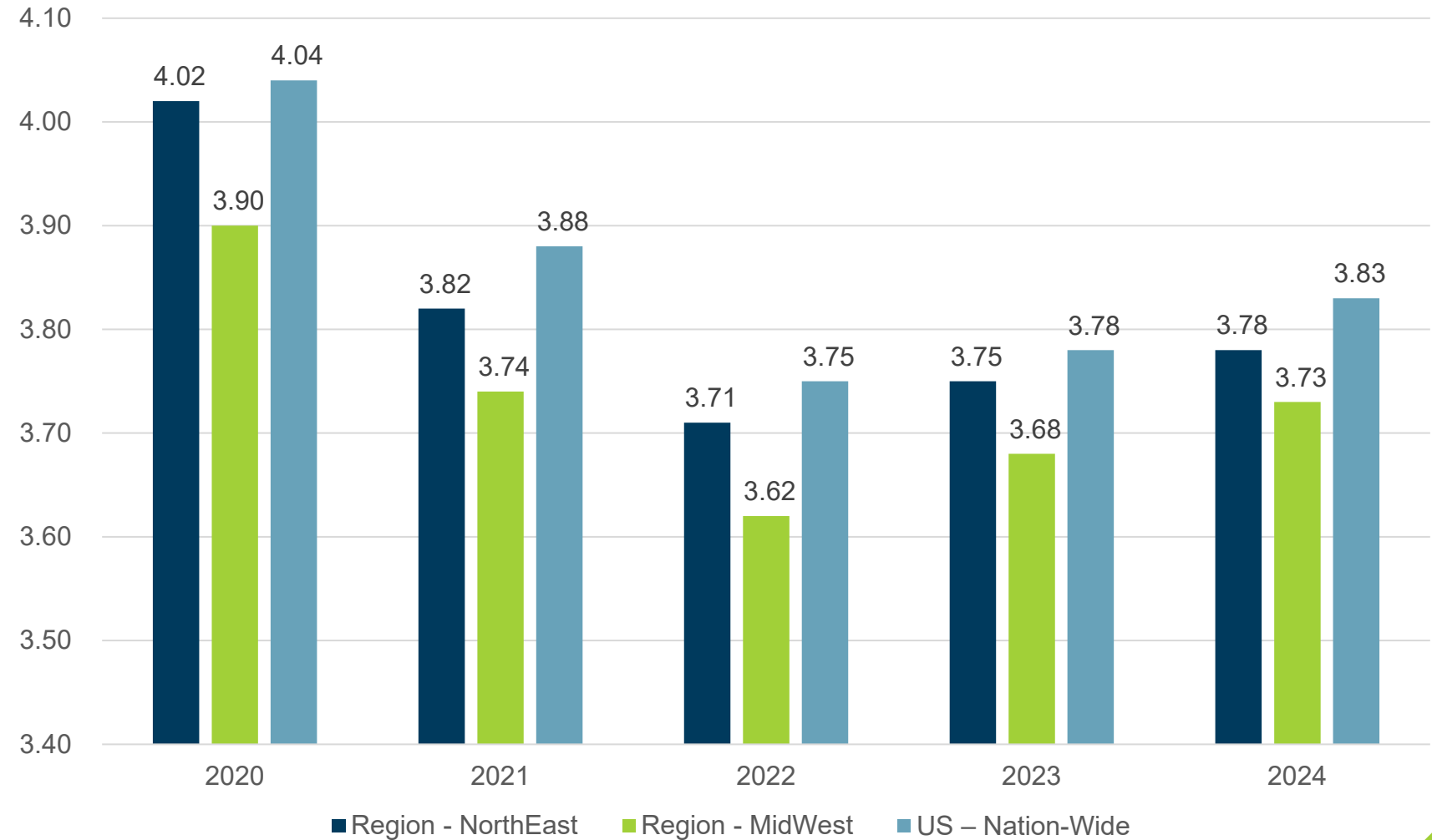
Unlike PBJ reporting that only reflects direct patient care time, cost report hours summarize all paid staff hours, including training and benefit time, as well as agency labor hours.

$\frac{\text{Total Direct Care Hours}}{\text{Total SNF Patient Days}}$

**Definition:** Total SNF direct care paid hours ppd.

Average direct nursing hours per patient can provide insight into direct care productivity. We recommend comparing this metric to PBJ-reported patient care hours.

**Source:** Medicare cost report



# Contract Agency Utilization

**Desired Trend:**  
Down



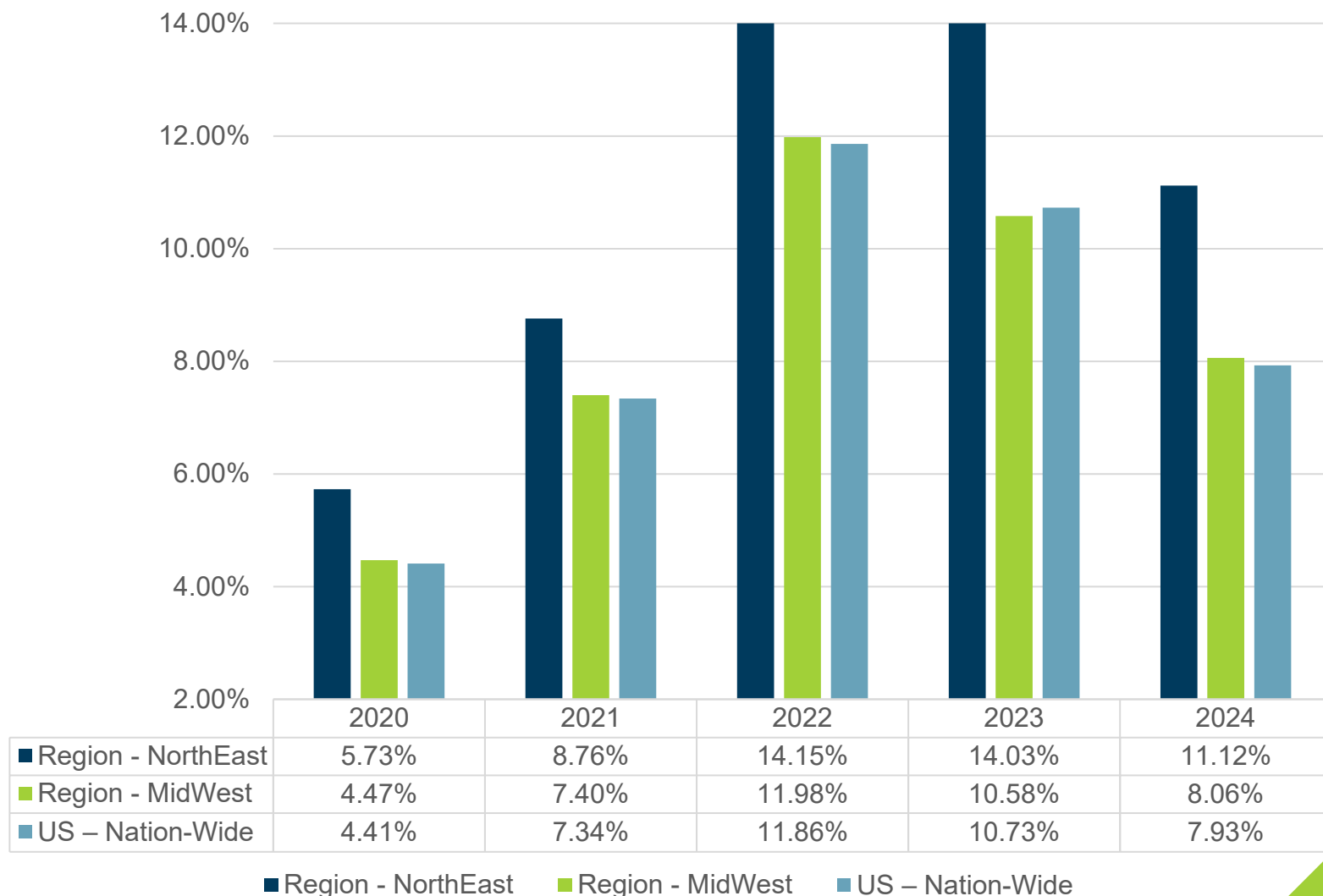
The average contract labor utilization rate reflects the facility's reliance on non-employee resources. High agency utilization may contribute to rising cost as a percent of revenue and may impact a facility's ability to consistently provide patient-centered quality care.

$$\frac{\text{Total Agency Direct Care Hours}}{\text{Total Direct Care Hours}}$$

**Definition:** Ratio of total nursing hours provided by an agency to total facility nursing hours.

Total agency utilization reveals whether a facility is having a direct care employee shortage.

**Source:** Medicare cost report



# Overall Star Rating

Desired Trend:  
Up



For the methodology on Five Star calculations, please refer to the Five-Star Users' Guide regularly updated by CMS at <https://www.cms.gov/medicare/health-safety-standards/certification-compliance/five-star-quality-rating-system>

This data is reported by CMS from the Five Star file and is based on surveys, staffing and quality measures.

**Definition:** The overall rating is based on a NF's performance on health inspections, staffing, and quality measures. The highest (best) score is five stars. Understanding CMS methodology for star ratings calculation and reviewing your facility's data regularly may help your organization be better prepared to respond to community and residents' questions.

Check how your facility compares to peers at: <https://www.medicare.gov/care-compare/>



## Senior Living Benchmarking Portal

Access a carefully curated, comprehensive set of financial benchmarking reports in our self-service portal.



Scan the QR code  
to learn more, or visit

[berrydunn.com/stay-current](https://berrydunn.com/stay-current)

# Thank you

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