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# 2023 NURSING HOME STATISTICAL REVIEW ILLUSTRATES PAST, PRESENT, AND FUTURE OF SECTOR

ANALYSIS | BY [JASMYNE RAY](#) | MARCH 15, 2023

Facilities can use the analysis' findings to guide their operations going forward as the demand for aging services increases.

## KEY TAKEAWAYS

Employee wages went up on a regional and national level, with the Southeast seeing the highest increase at 13.30%; yet these wages are still at the low end of the average hourly rate.

Inflation cause dietary expenses to increase.

Total revenue per patient day increased 4.73% nationally.

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A new analysis report on the nursing home sector shows that on a national and regional scale, there has been an average net loss per patient day (PPD), accompanied by lower occupancy rates, rising expenses including those for raising wages, and a stagnant reimbursement rate.

Marcum LLP, a national accounting and advisory service firm recently released the 2023 Nursing Home Statistical Review. This annual report is an analysis of nursing home operations from 2019–2021.

Data from the report can provide nursing home operators guidance on how to navigate the pain points within the sector. This year's report examines the state of the nursing home sector before, during, and after the COVID-19 pandemic.

In addition to the immense amount of negative news coverage in the early days of the pandemic, the nursing home sector lost the most workers and continues to struggle financially due to low reimbursement rates not covering the cost of care.

The analysis uses data from the Centers for Medicare & Medicaid Services (CMS) database of Medicare cost reports, which are filed annually by nursing homes across the country. More than 38,000 cost reports were reviewed and presented in both a national and regional perspective.

Fifteen financial and operational categories were analyzed, but the most notable findings were related to employee wages, general service costs, and Medicare gross revenue PPD.

### Employee Wages

Between 2019 and 2021, the average hourly wage increased by 13.27% across the country.

Providers and health systems alike have raised wages over the last few years in effort to recruit and retain workers. With the nursing home sector losing the most workers over the course of the pandemic, many facilities followed suit, with some even offering signing bonuses.

Over the three-year period, the Southeast saw the highest percentage increase at 13.30%, yet wages in the Southwest and Southeast regions continue to be on the low end of the average hourly rate at \$21.02 and \$21.31, respectively.

### General Service Costs

In addition to nursing expenses, nursing homes also incur other additional costs for residents. Due to resident safety and infection prevention concerns, facilities spent more on housekeeping and laundry services and the cost of these services continue to rise.

The pandemic also brought an increase in dietary expenses, as a result of the rise of hourly wages to retain dietary staff, bonuses given to workers, and inflation of food prices. Between 2019 and 2020, the dietary salary PPD increased by 12.10% nationally. There was a 3.67% increase from 2020 to 2021, but the analysis considers these anomaly years due to the pandemic.

The total general service cost PPD increased each year from 2015 to 2021, both regionally and nationally. From 2020 to 2021, the total general service cost PPD increased by 5.56% nationally, with the southwest regions having the largest increase at 8.52%.

"Based on the trend over the past seven years," the analysis stated, "we can expect general service costs to keep increasing on a year-to-year basis as [skilled nursing facilities] try to distinguish themselves from other competing facilities."

From 2019 to 2020, the total general service cost PPD increase was larger than usual, 14.09%, due to the pandemic and facilities taking on additional expenses to ensure the safety of their residents and staff.

## Revenue and Medicare Gross Revenue

The Medicare payer mix percentage increased each year from 2019 to 2021, due to the three-day hospitalization waiver which covered nursing home stays, longer illness periods for COVID-19 patients, and renewed coverage without patients having to begin a new benefit period if they'd already exhausted their nursing home benefits.

Excluding public health emergency (PHE) funding, there was a 3%–6% increase in total revenue per patient, regionally, with a 4.73% increase, nationally. On a national scale, patient days declined by 5.54% from 2020 to

2021 and the percentage increase for reimbursement has remained between 3% and 4%.

The net loss per patient day is \$12.51 (excluding PHE funding), with every region incurring net losses—the Midwest having the highest at \$19.65 and the Pacific having the lowest at \$1.74. The analysis shows that costs have not slowed for the industry and reimbursement rates are unable to keep up.

Facilities raising employee wages and offering bonuses also increased their financial strain.

The analysis notes that while Patient Driven Payment Model (PDPM) for Medicare reimbursement was intended to be budget neutral, that is not the case. It is also difficult to determine how the pandemic affected Medicare Gross Revenue, since the PDPM model was implemented in October 2019.

During the first year using the PDPM model, the increase in Medicare gross reimbursement were significant throughout every region. The Midwest saw the highest increase at 9.30%, or \$14.15 PPD, and the Southwest saw the smallest increase of 6.86%. However, their average daily increase was \$35.90 PPD.