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Despite decreasing margins, SNF benchmark report points to opportunities ahead

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Skilled nursing facilities continue to struggle, with care costs outpacing reimbursement and negatively affecting the bottom line, according to the [second annual nursing home benchmark study issued Wednesday by Marcum LLP](#). The report covers the period between 2014 and 2018, looking at trends in the long-term care industry.

“The impact of 2018 is still reverberating, and in practical terms, it forced the long-term care industry to confront the imperative to shape the patient-centered operating model of tomorrow,” [Matthew Bavalack](#), national leader of Marcum’s Healthcare Services practice, told *McKnight’s*.

The report found that the average nursing home cost per patient day on a national level increased by 11.33% between 2014 and 2018, from \$244.30 to \$271.98. Bavalack noted that time will tell if federal and state reimbursement systems will be able to keep pace.

Also, while the industry supports a living wage for all employees, an across-the-board \$15 minimum wage has had a negative trickle-down effect. To compete with the likes of the big-box stores, providers have been forced to increase wage rates in some cases beyond \$15 per hour, causing premiums for workers compensation, employer payroll tax and other related benefits to escalate. When coupled with a shrinking population of Medicare beneficiaries as well as private-pay residents, this puts a significant strain on operations, the report noted.

Bavalack said he sees a light at the end of the tunnel, however.

“The margins have not been great, but the industry is learning to cope with change, so what you’ll hopefully see going forward are the impacts of these management changes to operations,” he said. “I think it’s really ‘boots on the ground’ and operate your building to its most efficient capacity.”