

New Hampshire Skilled Nursing Facilities

Operational Trends and Selected Benchmarks

Prepared for New Hampshire Health Care Association

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Executive Summary

New Hampshire SNF/NF Environment

- Summary Trends
- Current NH Medicaid Reimbursement Rates
- Estimated Medicaid Reimbursement Gap

Executive Summary

The New Hampshire Health Care Association (NHHCA) engaged BerryDunn to conduct a “state of the industry” analysis for nursing facilities, with a focus on facilities’ financial performance and direct care staffing trends.

We utilized a variety of available data sources to gain historical perspective as well as information received through New Hampshire facility surveys to provide a robust analysis of the sector status and current trends in the labor market.

Key findings:

- Shortage of direct care workers resulting in cost of labor increase and reduction of facility admissions. All participating providers indicated concerns related to staffing shortages impacting the facility’s ability to operate effectively and efficiently. Of 37 facilities responding to provider survey, 24 (65%) stated they had stopped admitting patients due to lack of available staff.
- Overall occupancy decline and increasing costs resulting in negative margins (financial losses) from resident care services.
- High Medicaid utilization rate and insufficient Medicaid reimbursement rate contributing to facilities’ financial losses.

Our findings are summarized in this report, and include source of information, data limitations, data trend analysis, and considerations on significance of the identified trends to NH nursing facilities.

NH NF Environment and Occupancy

As of April 2022, CMS reported 73 facilities licensed to operate as nursing homes or skilled rehabilitation care centers in New Hampshire, with 7,415 total licensed beds (please refer to Section 4 for detailed analysis). Of those, 34 facilities with a total of 3,400 licensed beds (45.85%) are in counties designated by CMS as rural, and 39 facilities, with a total of 4,015 beds (54.15%) are in urban areas of the state.

Over the past two years, SNF occupancy has experienced a substantial decline, 5.27% from 2019 to 2020, and a further 3.34% decline in 2021 as compared to 2020. Overall occupancy decline, increasing cost of labor, supplies and utilities, as well as increased cost of compliance, has led to acutely negative margins from resident care services. Medicare cost reports (as-filed) show average loss from patient care services increasing from \$25.24 per patient day (PPD) in 2019 to \$33.13 in 2020, and \$74.41 in 2021 (limited data available for FY2021). Grafton, Hillsborough, and Rockingham Counties had the most significant losses, exceeding \$100 PPD in 2021. Facilities responding to the survey reported average net losses from patient care services (excluding any COVID-19 funding) of over \$62 PPD for 2022. Carroll, Cheshire, and Coos Counties are projected to have the most significant losses, again exceeding \$100 PPD in 2022.

Medicaid reimbursement

The latest PR 22-01 (also known as Appendix A of the Medicaid Manual), released in January 2022, reported the average annual cost for the provision of services to a person in a nursing facility as \$266.45, as reduced by the Medicaid methodology in He-E 801.09.

In comparison, the NH Statewide Average Daily Rate, per PR 22-01 is \$353.60 PPD (which includes special care facilities, such as ICF-IDD and atypical rate facilities), which is not indicative of traditional SNF reimbursement. Per the summary in section 2, the average reimbursement rate for the traditional SNF/ICFs as of January 1, 2022, is \$201.64. The average rate is projected to increase by \$7.34 to \$208.98 effective July 1, 2022.

Average Medicaid utilization as reported by providers in 2022 was approximately 61% percent. High Medicaid utilization and reimbursement rates less than average cost is not sustainable for providers over the long term.

Executive Summary (Concluded)

Staffing and Contract Labor

Labor is generally the largest expense of nursing facilities. Per information contained in Medicaid cost reports, total wages (excluding contract labor) per patient day increased from \$154 PPD in 2019 to \$184 PPD in 2021. Survey respondents reported average wages of \$170 PPD in 2022.

According to provider self-reported PBJ data, facilities in all counties rely on contract agency nursing staff to meet patient care requirements. Contract labor utilization was at its highest in Q4 2021 in Merrimack County, reaching 20 percent. Coos, Grafton, and Strafford reached agency utilization of over 12% in 2021. Facilities report using contract labor for registered nurses (RNs), licensed practical nurses (LPNs), and licensed nursing assistants (LNAs), and in some instances, for nursing leadership and administration positions, such as Director of Nursing and Minimum Data Set (MDS) coordinator.

Direct care hours per patient day increased for all counties in 2020 as patient isolation and infection control measures were on the rise. In Q4 2021 there was a drop in nursing hours PPD, corresponding with increasing provider-reported labor shortages.

Of the 37 facilities responding to provider survey, 24 (65%) stated they stopped admitting patients due to lack of available staff. One provider in Belknap County reported closing one of the floors for over 90 days.

Data Sources and Provider Surveys

An invitation to participate in the study was distributed by email to all 73 facilities currently licensed as SNF/NF in April of 2022. By May 15th, 2022, 37 facilities responded to the survey, with a response rate of 50.7%.

Survey questions were focused on the current and future environment, including direct care salaries, average rates of pay, use and cost of contract labor, impact of labor shortages on admissions, and financial projections for the fiscal year 2022.

Other data sources (described more fully in Section 4) included:

- Responses to the survey conducted by BerryDunn in May 2022. Survey questions were focused on the current and future environment, including direct care salaries, average rates of pay, use and cost of contract labor, impact of labor shortages on admissions, and financial projections for the fiscal year 2022;
- As-filed NH Medicaid cost reports for fiscal years 2019 – 2021, received from Skilled Nursing Facility (SNF) providers;
- Centers for Medicare and Medicaid Services (CMS) data, such as
- Payroll-Based Journal (PBJ) from pre-pandemic quarter 4, 2018 through the most recently available quarter 4, 2021;
- Medicare cost reports for fiscal years 2019 – 2021; and
- Other provider information.

Data analysis sections of this report provide in-depth information on key performance indicators by county.

Current NH Medicaid Reimbursement Rates

County	SNF/ICF Traditional - Rate	SNF/ICF Atypical - Rate	Average Rate
Belknap	\$205.91	\$363.97	\$284.94
Carroll	\$191.36	-	\$191.36
Cheshire	\$209.44	\$258.11	\$221.60
Coos	\$200.30	\$289.12	\$225.68
Grafton	\$205.06	\$378.78	\$239.80
Hillsborough	\$199.90	\$266.99	\$208.65
Merrimack	\$196.45	\$227.09	\$199.85
Rockingham	\$201.70	\$370.47	\$254.44
Strafford	\$213.34	\$269.35	\$232.01
Sullivan	\$193.55	-	\$193.55
Average rate	\$201.64	\$315.12	\$227.54

Source: PR 22-01, NH Department of Health and Human Services, Nursing Facility rates as of January 1, 2022, Appendix A.

Estimated Medicaid Reimbursement Gap, PPD

County	Average Operating Costs (PPD), 2020	Average Rate (PPD), 2022	Estimated Unreimbursed Medicaid Costs, (PPD)
Belknap	\$417.88	\$284.94	-\$132.95
Carroll	\$327.18	\$191.36	-\$135.83
Cheshire	\$397.63	\$221.60	-\$176.03
Coos	\$369.96	\$225.68	-\$144.28
Grafton	\$371.24	\$239.80	-\$131.44
Hillsborough	\$382.65	\$208.65	-\$174.00
Merrimack	\$395.49	\$199.85	-\$195.64
Rockingham	\$430.66	\$254.44	-\$176.22
Strafford	\$338.39	\$232.01	-\$106.38
Sullivan	\$293.55	\$193.55	-\$100.00
Statewide Average	\$385.38	\$227.54	-\$147.28

** Average rate PPD is the average of the traditional SNF and A-typical SNF rates, as detailed in the previous slide

Sources:

Operating costs - As Filed Medicare Cost Reports, 2020;

Average Medicaid Rate - PR 22-01, NH Department of Health and Human Services, Nursing Facility rates as of January 1, 2022, Appendix A (Average rate includes typical and atypical units – see page 6 for detail).



Section 1

Facility Survey Findings

- Interruption of Admissions
- Open Positions
- Average Facility Wages PPD
- Financial Projections

Suspended Admissions Due to Staffing

All participating providers indicated concerns related to staffing shortages impacting the facility's ability to operate effectively and efficiently. Of 37 facilities responding to provider survey, 24 (65%) stated they had stopped admitting patients due to lack of available staff. One provider in Belknap County reported closing one of the floors for over 90 days. Detail of responses as follows:

County / Provider Response	Yes	No	No Response
Belknap	2		
2022 - one floor, 90 days and counting			
Carroll	1	1	
2022 - 6 weeks			
Cheshire	3	1	
2021-4 days, 2022-2 days			
End of 2019 reduced census to 125 due to renovation, but then kept about 6 beds empty starting in 2020 due to need for covid wing, then reduced to 100 beds max as of Dec 2021 due to continuous declines in staffing levels			
2021/2022 - A select few days here and there			
Coos	2		
2021 2 weeks and 2022 3 weeks			
2021 to current, worsening over time			
Grafton	2		
2020, 2021, 2022 # of days unknown			
End of 2021 & 2022 didn't track the days			
Hillsborough	6	5	
10/2020-4/2021 and 10/21-1/2022			
2021 Unable to obtain number of days			
2021 - 135 days			
Merrimack	3	1	1
2022 1-2 days per week depending on staffing			
2020, 2021: Unknown, days not tracked			
2021 - 30 days			
Rockingham	3	2	
2021, 2022 3-5 days at a time			
Unsure of specific dates			
2022 - 20 days			
Strafford	2		
2021-30 days 2022-7 days			
Hard to say but at least for a couple weeks every 3 months			
Sullivan		2	
State Total	24	12	1

Source: BerryDunn Provider Surveys, May 2022

Open Positions Report

Nursing departments employ the largest number of staff at the facilities. Facilities in all counties reported reliance on staffing agencies to cover open positions, including nursing supervisors and nursing administration.

Other non-nursing vacancies that were reportedly difficult to fill, included social work, dietary, housekeeping, ancillary and office positions, such as business office manager.

County/Responses	Average Number of Direct Care Open Positions Per Facility, May 2022	Average Number of Non-Nursing Open Positions, Per Facility, May 2022
Belknap	18	4
Carroll	15	3
Cheshire	27	5
Coos	22	1
Grafton	37	11
Hillsborough	28	7
Merrimack	9	3
Rockingham	21	6
Strafford	11	2
Sullivan	17	12

Source: BerryDunn Provider Surveys, May 2022

Average Facility Wages, PPD

Excluding contract labor

County	2019	2020	2021	2022
Belknap	\$161	\$184	\$199	\$303
Carroll	\$117	\$111	\$121	\$144
Cheshire	\$176	\$197	\$195	\$261
Coos	\$49	\$53	\$63	\$76
Grafton	\$137	\$135	\$145	\$136
Hillsborough	\$142	\$160	\$164	\$116
Merrimack	\$81	\$95	\$104	\$92
Rockingham	\$229	\$193	\$307	\$247
Strafford	\$170	\$198	\$208	\$362
Sullivan	\$131	\$127	\$150	\$143
Statewide Average	\$154	\$160	\$184	\$170

The statewide average wage, excluding contract labor **increased 19.53% from 2019 to 2021**

Including contract labor

County	2019	2020	2021	2022
Belknap	\$177	\$193	\$208	\$342
Carroll	\$126	\$143	\$177	\$170
Cheshire	\$202	\$240	\$227	\$288
Coos	\$50	\$60	\$73	\$80
Grafton	\$170	\$183	\$187	\$215
Hillsborough	\$151	\$172	\$181	\$136
Merrimack	\$89	\$119	\$127	\$113
Rockingham	\$247	\$220	\$337	\$274
Strafford	\$190	\$214	\$228	\$391
Sullivan	\$138	\$147	\$171	\$173
Statewide Average	\$169	\$182	\$208	\$198

The statewide average wage, including contract labor **increased 23.66% from 2019 to 2021**

Source: Medicaid cost reports (2019 – 2021) and provider surveys (2022). Lower numbers for Coos and Merrimack counties may be an artifact of the manner in which wages were reported and a less than complete sample size (e.g., one facility in Coos County).

Average Loss from Patient Care Services, PPD

County	2019	2020	2021
Belknap	-\$38.36	-\$85.45	-\$73.85
Carroll	-\$28.86	-\$66.94	-\$158.60
Cheshire	-\$73.95	-\$123.86	-\$187.14
Coos	-\$29.10	-\$42.67	-\$38.57
Grafton	-\$117.05	-\$139.38	-\$134.90
Hillsborough	-\$89.88	-\$124.04	-\$69.34
Merrimack	-\$37.03	-\$74.54	-\$30.56
Rockingham	-\$36.59	-\$100.83	-\$72.09
Strafford	-\$53.97	-\$85.16	-\$75.30
Sullivan	-\$15.46	-\$26.96	-\$32.20
State Average	-\$56.61	-\$99.67	-\$86.61

Note: COVID-related funding, such as Paycheck Protection Program, CARES Act Funding, and NH State pass-through COVID-related stipends are not reflected in this analysis



Many factors are contributing to diminishing margins. The key drivers identified by the surveys are:

- Overall occupancy decline;
- Increasing cost of labor; and
- Increased cost of compliance, supplies, and utilities.

On average, responding to the survey, facilities reported net losses from patient care services (excluding any COVID-19 funding) at over \$62 PPD for 2022. Carroll, Cheshire, and Coos Counties are projected to have the most significant losses exceeding \$100 PPD in 2022.

Source: Medicaid cost reports (2019 – 2021) and provider surveys (2022. Lower numbers for Coos and Merrimack counties may be an artifact of the manner in which wages were reported and a less than complete sample size (e.g., one facility in Coos County).)



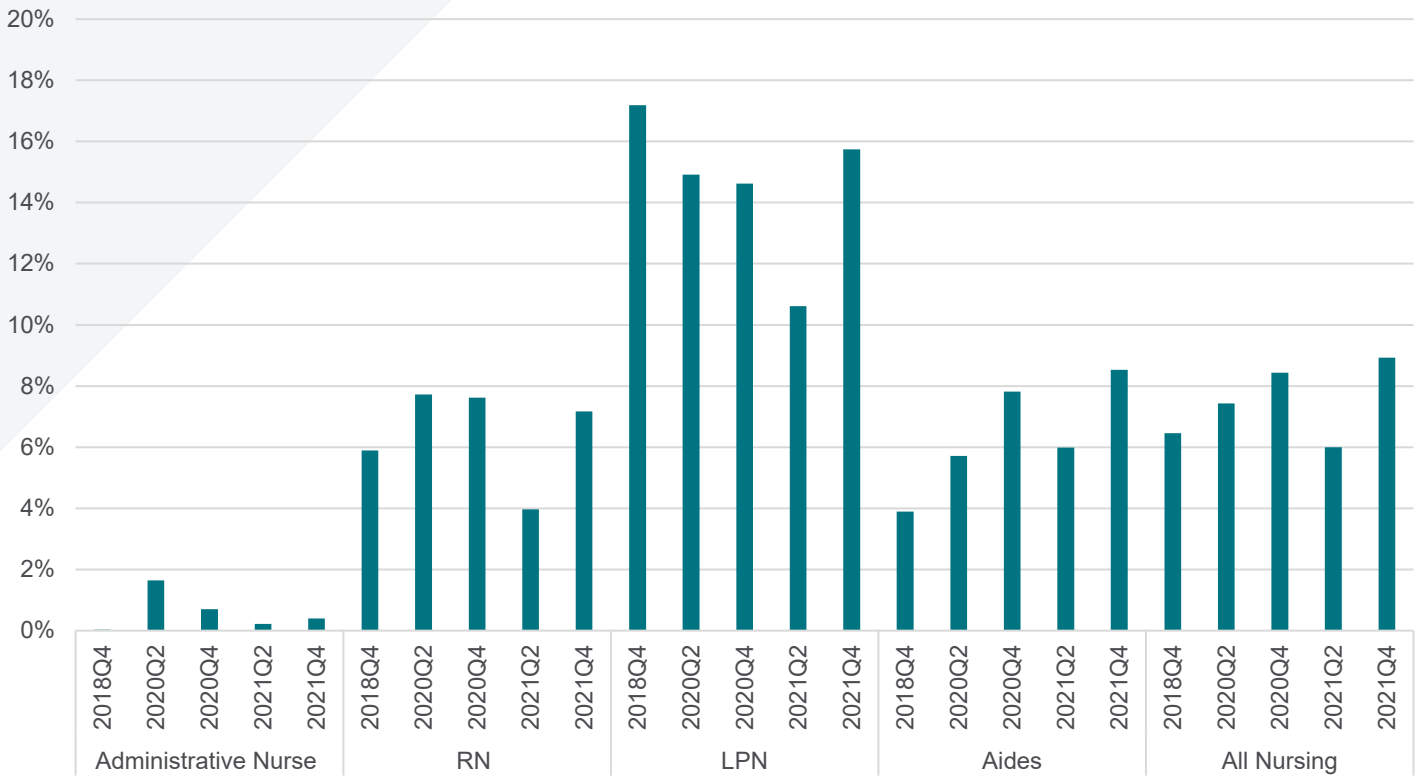
Section 2

CMS Payroll Based Journal Reports

- SNF/NF Contract Agency Utilization Trending

SNF/NF Contract Agency Utilization Trending, New Hampshire

New Hampshire Contract Labor Utilization, by Job Type

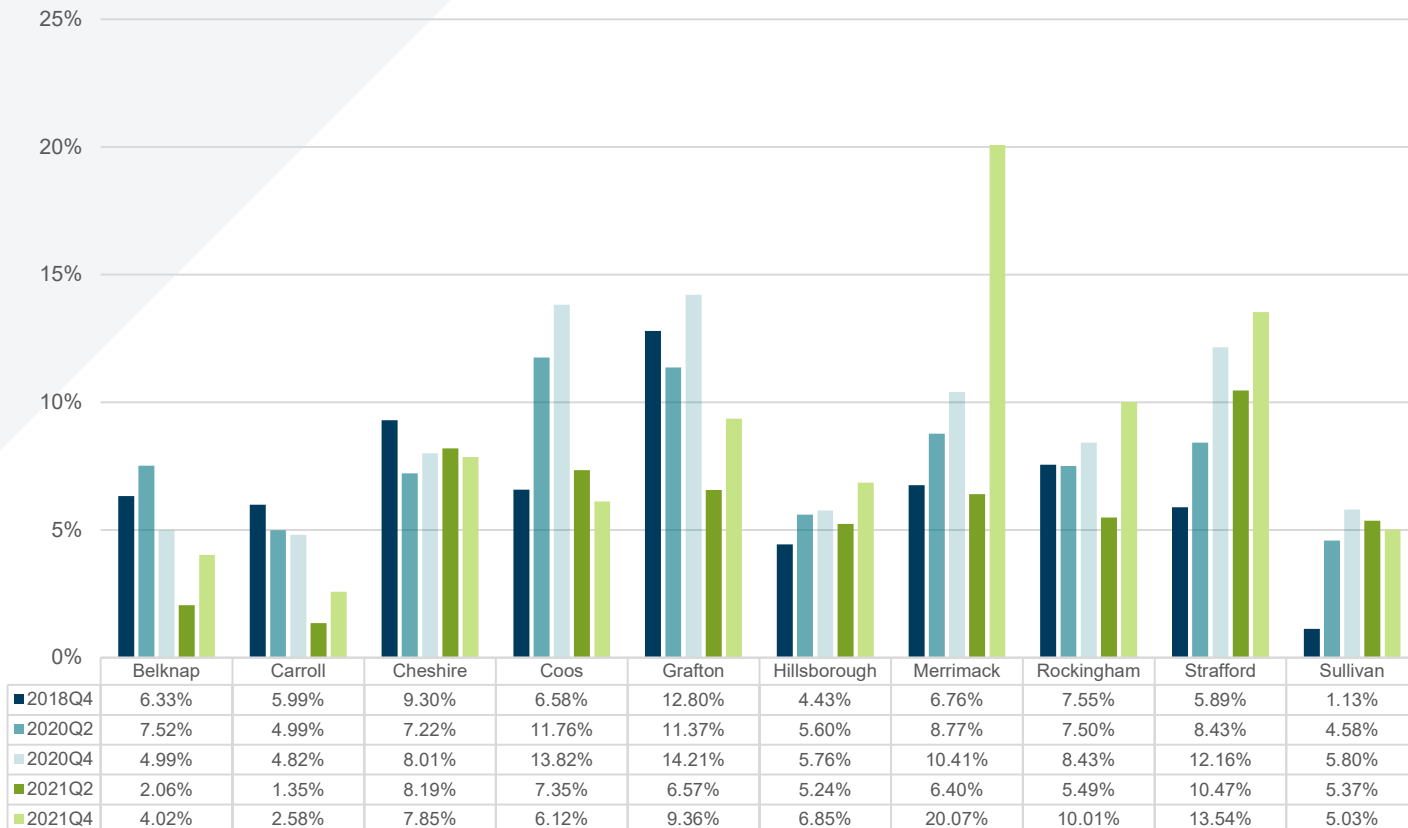


Facilities report using contract labor for RNs, LPNs, and LNAs, and in some instances, for nursing leadership and administration positions, such as Director of Nursing and MDS coordinator.

Source: April 27, 2022, Payroll Based Journal (PBJ) -CMS Information Update

SNF/NF Contract Agency Utilization Trending

New Hampshire Contract Labor Utilization, by County
(Agency hours as percent of total direct care hours)



Facilities in all counties rely on contract agency nursing staff to meet patient care requirements.

Contract labor utilization was at its highest in Q4 2021 in Merrimack County, reaching 20%. Coos, Grafton, and Strafford reached agency utilization of over 12% in 2021.

Source: April 27, 2022, Payroll Based Journal (PBJ) -CMS Information Update



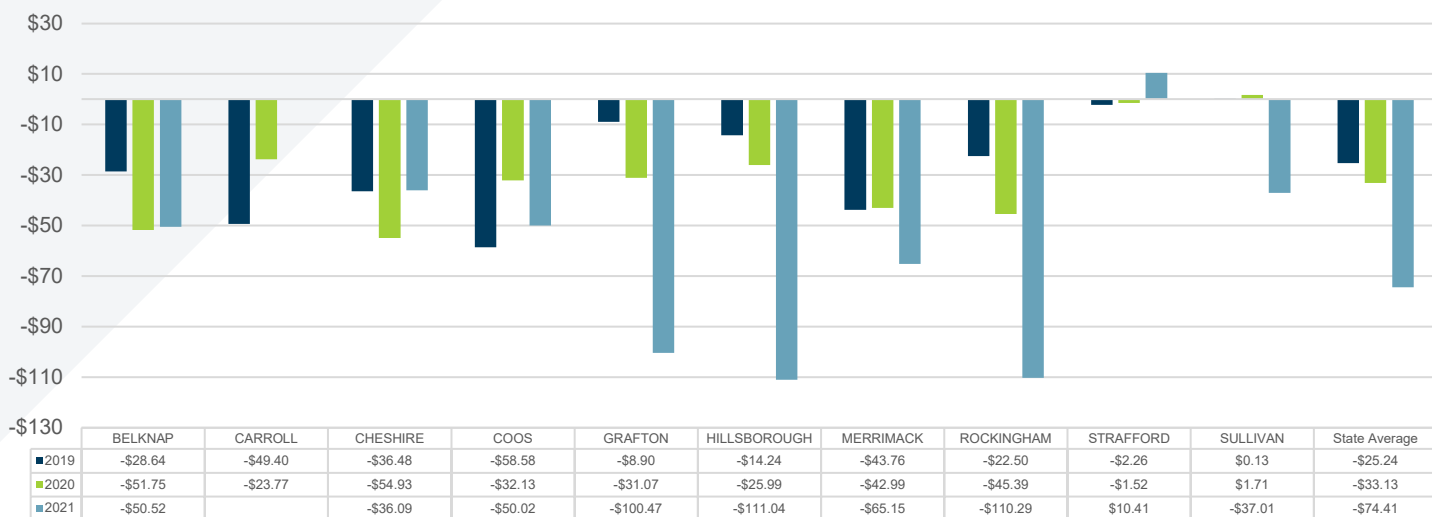
Section 3

Facility Operations Analysis

- Facility Net Income From Patient Services

Facility Net Income From Patient Services, PPD

2019 – 2021 Trending



Net income from patient services is calculated by subtracting operating expenses from operating revenues.

Net income (Loss) from patient services does not include COVID-related supplemental funding, as some of the received funds have to be “earned”, used according to the program policies or be refunded.



Overall occupancy decline and increasing cost of labor, as well as increased cost of compliance, supplies and utilities, have led to negative margins for patient care services. As-filed Medicare cost reports show average loss from patient care services increasing from \$25 per patient day (PPD) in 2019 to \$33.13 in 2020, and to \$74.41 in 2021 (limited data available for FY2021). On average, responding to the survey, facilities reported net losses from patient care services (excluding any COVID-19 funding) at over \$62 PPD for 2022. Grafton, Hillsborough and Rockingham Counties had the most significant losses of over \$100 PPD in 2021.



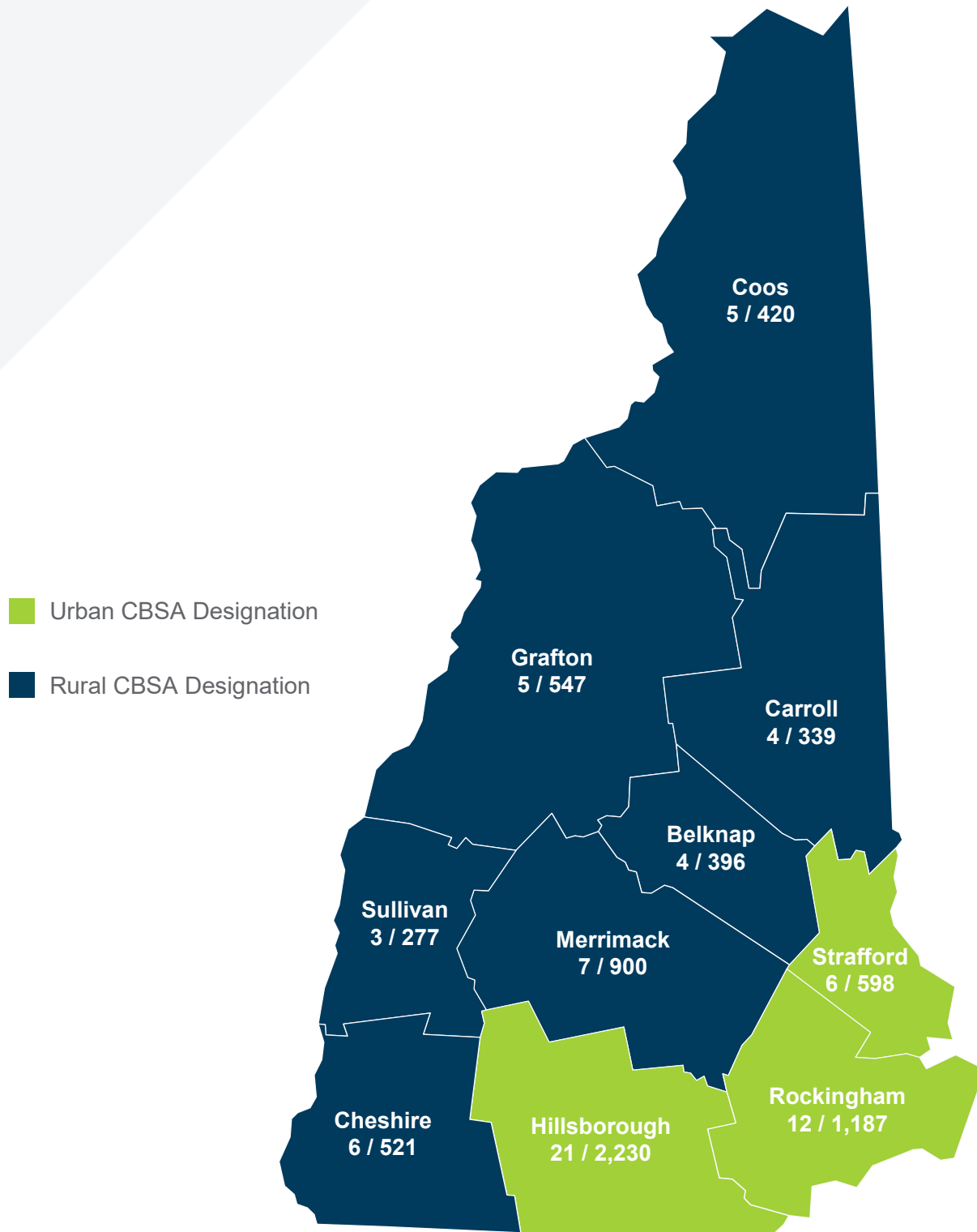
Section 4

Appendix – Data Sources, Acronyms

- Map for Reporting Summaries
- Data Sources
- Facilities Included in Analysis
- Acronyms

NH County Map for Reporting Summaries

With Number of Facilities and Licensed Beds



Data Sources

CMS SNF Medicare cost reports 2019 – 2022

Medicare certified skilled nursing facilities

file an annual full utilization cost report if their Medicare utilization is over an established threshold. This threshold changed in 2018 from 10% of total census to \$200,000 annual Medicare revenue.

During the COVID-19 public health emergency, SNF Medicare admissions volumes significantly decreased for many facilities. As a result, unusually high number of facilities qualified for low utilization Medicare cost reporting. The low utilization Medicare cost reports are not included in the reporting summaries.

Notes 1, 2

CMS Payroll Based Journal reporting data 2018 – 2021

All Medicare and Medicaid certified skilled nursing and long-term care facilities are required to report certain labor and resident census statistics. This data is submitted by facilities and summarized by CMS quarterly. Due to COVID-19, facilities received filing waivers through a portion of calendar year 2020.

Note 1

CMS Provider Information - Care Compare 2021 – 2022

General information on currently active nursing homes, including number of certified beds, quality measure scores, staffing and other information used in the Five-Star Rating System, data is presented at the facility level and is updated quarterly.

Note 1

New Hampshire SNF/NF Provider Surveys, May 2022

Questions relevant to the current and future environment, including salary, rates, use and cost of contract labor, impact of labor shortages on admissions, and financial projections for 2022.

Note 1

Note 1: BerryDunn removed data outliers

Note 2: Data is updated regularly, potentially resulting in data summary changes due to cost report audits, provider cost report amendments, and late filing submissions

Facilities Included in Analysis, by County

Medicare cost reports included in data analysis,
by Medicare CBSA type and reporting period

County	Medicare CBSA County Type	2019	2020	2021
Belknap	Rural	3	4	2
Carroll	Rural	3	3	
Cheshire	Rural	6	6	1
Coos	Rural	3	4	3
Grafton	Rural	4	4	3
Hillsborough	Urban	16	19	5
Merrimack	Rural	6	7	4
Rockingham	Urban	9	12	5
Strafford	Urban	4	5	2
Sullivan	Rural	2	3	2
Grand Total		56	67	27

Note:

1. Medicare certified nursing facilities file an annual full cost report if their Medicare utilization is over \$200,000 in Medicare revenue.
2. During the COVID-19 public health emergency, SNF Medicare census significantly decreased for many facilities, resulting in high number of facilities qualifying for low utilization filing. The low utilization cost reports are excluded from the reporting summaries.
3. For the facilities with fiscal year ending on December 31, 2021, Medicare cost report filing is required by May 31, 2022. These cost reports are not yet available at the time this report is prepared.

Provider survey responses received
and included in data analysis

Counties	Survey Monkey Responses	Response Rate
Belknap	2	50.0%
Carroll	2	50.0%
Cheshire	4	66.7%
Coos	2	40.0%
Grafton	2	40.0%
Hillsborough	12	57.1%
Merrimack	4	57.1%
Rockingham	5	41.7%
Strafford	2	33.3%
Sullivan	2	66.7%
Total / Average	37	50.7%

Note:

An invitation to participate in the study was distributed by email to all 73 facilities currently licensed as SNF/NF in April of 2022. By May 15th, 2022, 37 facilities responded to the survey, with a response rate of 50.7%.

Medicaid Cost Reports received
and included in data analysis

Medicaid Cost Reports	Total Licensed SNF/ICF	2019	2020	2021
Belknap	4	3	3	3
Carroll	4	3	3	3
Cheshire	6	6	6	6
Coos	5	1	1	1
Grafton	5	2	2	3
Hillsborough	21	12	13	13
Merrimack	7	3	3	4
Rockingham	12	8	8	8
Strafford	6	4	4	4
Sullivan	3	2	2	2
Grand Total	73	44	45	47

Acronyms

Acronym		Note
CMS	Centers for Medicare & Medicaid Services	https://www.cms.gov/
SNF	Skilled nursing facility	https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/CertificationandCompliance/NHs
NF	Nursing facility	https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/CertificationandCompliance/NHs
RN	Registered Nurse	
LPN	Licensed Practical Nurse	
CNA/LNA	Certified Nurse Aide / Licensed Nurse Aide	CNA/LNA statistics frequently combine all unlicensed nursing staff, such as medication aides and ward clerks.
CMI	Case-mix index	It is a numerical representation of a patient's care needs complexity, calculated by a Minimum Data Set (MDS) assessment. Adjusting metrics by CMI allows for comparison of facilities with varying patient demographics.
PBJ	Payroll Based Journal	The PBJ Staffing datasets provide information submitted by nursing homes including rehabilitation services on a quarterly basis. The data include the hours staff are paid to work each day, for each facility, by job type. https://data.cms.gov/quality-of-care/payroll-based-journal-daily-nurse-staffing
PPD	Per patient day	Adjusting metrics to per patient day data representation allows for comparison of facilities of varying size and occupancy.

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