



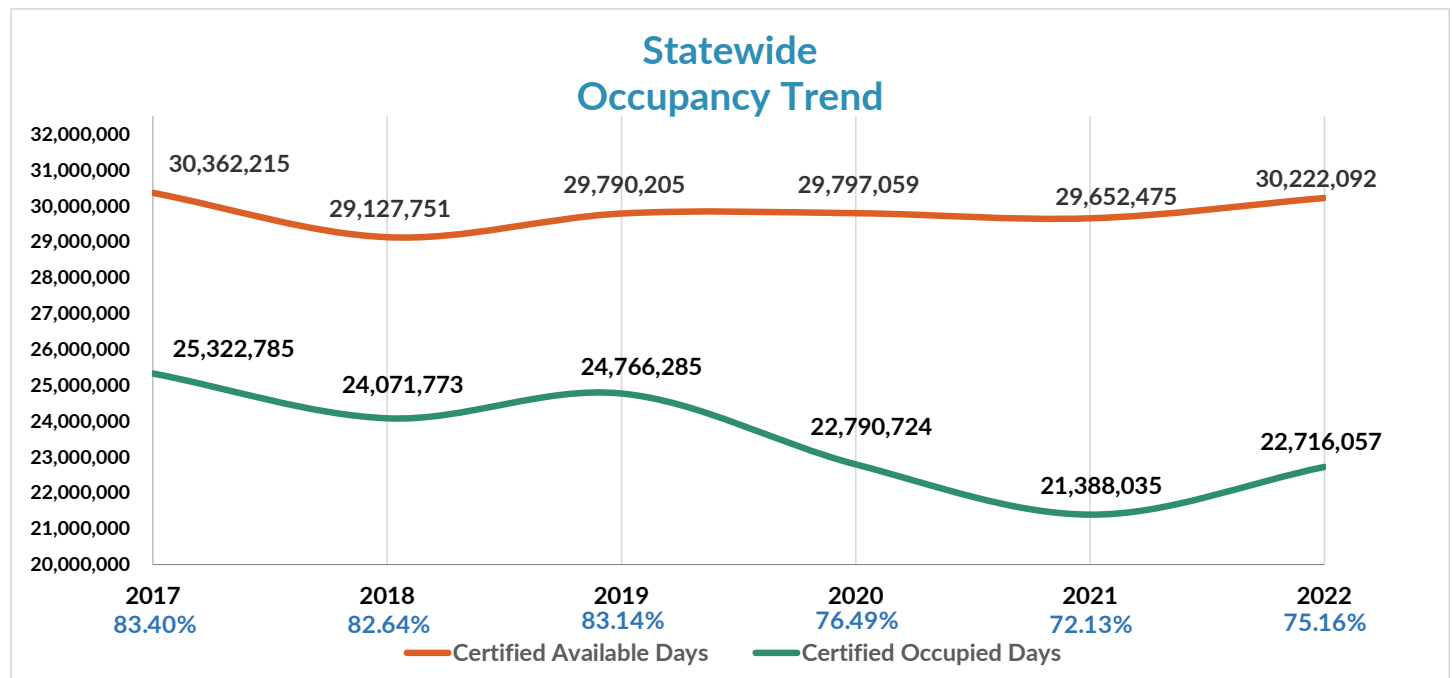
2022 Skilled Nursing Facility Medicaid Cost Report Data

Source and Sample Size

Plante Moran is pleased to announce that we have the 2022 Medicaid cost report data available for all Skilled Nursing Facilities (SNFs) in the state of Ohio. We have derived this information from the Department of Medicaid's (ODM) cost report database. There was a total of 907 nursing facilities with full year cost reports in the database for 2022. The number of full year cost reports increased from 885 in 2021 to 907 in 2022. Our consulting team has developed a number of analyses and benchmarking reports to help SNFs better understand market share, staffing trends, payor margins, and overall facility operations.

Market Share

The statewide average occupancy based on certified Medicaid bed days increased from 72.13% in 2021 to 75.16% in 2022. On average, inpatient days per provider increased while average certified Medicaid available bed days decreased year over year. The average unoccupied beds per provider decreased from 26 in 2021 to 23 in 2022. Average unoccupied beds per provider were 16 in 2019 and 22 in 2020.



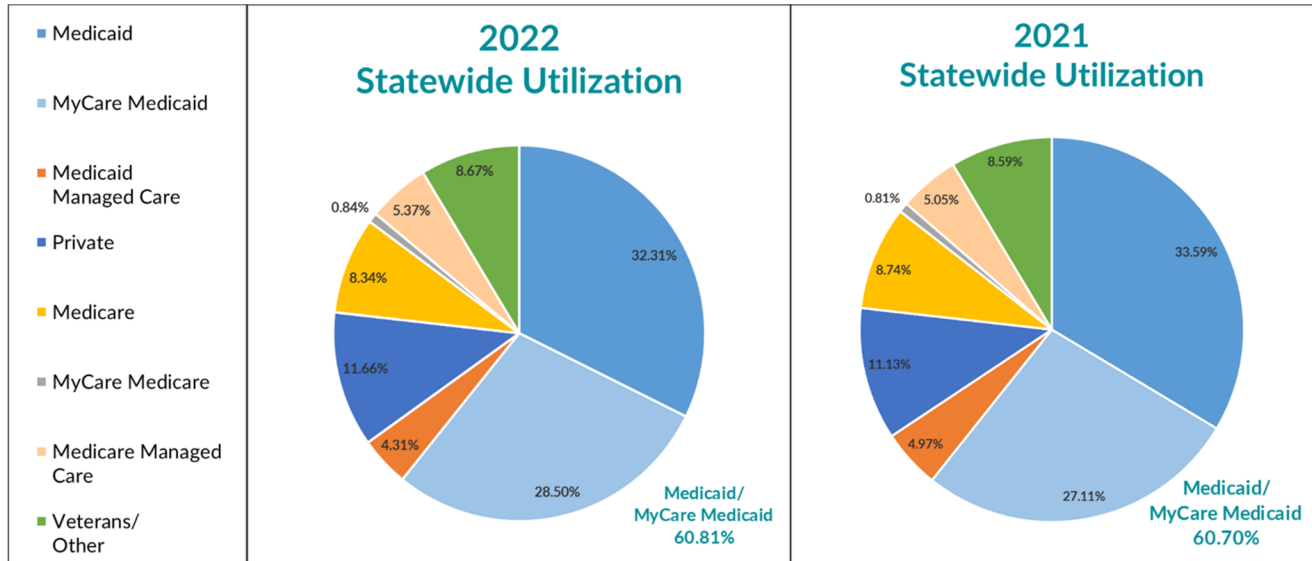


Statewide Utilization

The overall 6% increase in total inpatient days was seen across most payor types. On average, Medicaid type residents accounted for 56% of the increase, Medicare type residents accounted for 14% of the increase, and Private/Other residents accounted for 30% of the increase.

| | Medicaid | MyCare Medicaid | Medicaid Managed Care | Private | Medicare | MyCare Medicare | Medicare Managed Care | Veterans/ Other | Total |
|---------------------|-----------|-----------------|-----------------------|-----------|-----------|-----------------|-----------------------|-----------------|------------|
| 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 |
| 2022 Inpatient Days | 7,339,093 | 6,475,015 | 979,831 | 2,648,777 | 1,894,499 | 190,077 | 1,219,805 | 1,968,960 | 22,716,057 |
| Difference | 155,321 | 675,706 | (82,820) | 267,823 | 25,350 | 16,481 | 139,225 | 130,936 | 1,328,022 |
| Residents | 426 | 1,851 | (227) | 734 | 69 | 45 | 381 | 359 | 3,638 |
| Percent Change | 2.16% | 11.65% | -7.79% | 11.25% | 1.36% | 9.49% | 12.88% | 7.12% | 6.21% |

The charts below illustrate payor trends over the past two years. Although inpatient days increased slightly in 2022, there were only small movements on a percentage basis for each payor group.



Statewide Cost Trend Analysis

The statewide average allowable cost per day increased 3.41% to \$293.21 from \$283.55 in 2021. Please note, this per diem excludes expenses related to consolidated services. Please see below for a breakdown of cost trends.

| Statewide | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Tax Cost Center | \$ 2.95 | \$ 3.13 | \$ 3.12 | \$ 3.64 | \$ 3.77 | \$ 3.76 |
| Direct Care Cost Center | \$ 92.15 | \$ 97.86 | \$ 100.22 | \$ 118.09 | \$ 128.63 | \$ 137.82 |
| Ancillary/Support Cost Center | \$ 79.95 | \$ 85.28 | \$ 86.75 | \$ 96.67 | \$ 105.18 | \$ 106.43 |
| Capital Cost Center | \$ 21.69 | \$ 23.93 | \$ 23.18 | \$ 25.38 | \$ 27.17 | \$ 27.19 |
| Franchise Permit Fee | \$ 15.22 | \$ 15.61 | \$ 15.72 | \$ 17.42 | \$ 18.79 | \$ 18.00 |
| Total Allowable Cost per Day | \$ 211.96 | \$ 225.81 | \$ 228.99 | \$ 261.20 | \$ 283.55 | \$ 293.21 |
| Percent Change | 3.97% | 6.53% | 1.41% | 14.06% | 8.56% | 3.41% |
| CPI Inflation Percentage | 2.10% | 1.90% | 2.30% | 1.40% | 7.50% | 6.40% |



Statewide Medicaid Profit/(Loss) Analysis (2022 calendar year revenue and expense)

Below we have tracked the average statewide Medicaid margin for the past twelve years dating back to 2011. The average profit/(loss) is presented both from an allowable per patient day perspective before consolidated services as well as after these costs. Losses remained relatively flat from 2011-2017 but increased by 33% (after consolidated services) in 2018 and 2019. The impact on Medicaid loss due to COVID-19 in 2020 and 2021 was significant at \$77.73 and \$87.42 per day, respectively. This loss has persisted through 2022 at \$88.02 per day.

| Per Diem Analysis | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Medicaid CY Total Rate (January and July 1st) | 226.65 | 219.18 | 205.87 | 199.21 | 195.58 | 193.82 |
| Tax Cost Center | \$ 3.76 | \$ 3.77 | \$ 3.64 | \$ 3.12 | \$ 3.13 | \$ 2.95 |
| Direct Care Cost Center | 137.82 | 128.63 | 118.09 | 100.22 | 97.86 | 92.15 |
| Ancillary / Support Cost Center | 106.43 | 105.18 | 96.67 | 86.75 | 85.28 | 79.95 |
| Capital Cost Center | 27.19 | 27.17 | 25.38 | 23.18 | 23.93 | 21.69 |
| Franchise Permit Fees | 18.00 | 18.79 | 17.42 | 15.72 | 15.61 | 15.22 |
| Total Allowable Costs Calendar Year | \$ 293.21 | \$ 283.55 | \$ 261.20 | \$ 228.99 | \$ 225.81 | \$ 211.95 |
| Total Estimated Medicaid Loss per day | \$ (66.56) | \$ (64.37) | \$ (55.33) | \$ (29.78) | \$ (30.23) | \$ (18.13) |
| Direct Care Consolidated Services | \$ 20.94 | \$ 22.52 | \$ 21.95 | \$ 23.13 | \$ 23.52 | \$ 22.14 |
| Ancillary/Support Consolidated Services | 0.52 | 0.53 | 0.46 | 0.45 | 0.42 | 0.34 |
| Consolidated Services - Total ^(A) | \$ 21.46 | \$ 23.05 | \$ 22.40 | \$ 23.58 | \$ 23.94 | \$ 22.49 |
| Total Allowable Costs with Consolidated Services | \$ 314.67 | \$ 306.60 | \$ 283.60 | \$ 252.58 | \$ 249.75 | \$ 234.44 |
| Total Profit/(Loss) per Diem | \$ (88.02) | \$ (87.42) | \$ (77.73) | \$ (53.37) | \$ (54.17) | \$ (40.61) |

| Per Diem Analysis | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Medicaid CY Total Rate (January and July 1st) | 184.74 | 176.67 | 174.58 | 174.28 | 171.81 | 171.67 |
| Tax Cost Center | \$ 2.78 | \$ 2.61 | \$ 2.52 | \$ 2.47 | \$ 2.27 | \$ 2.23 |
| Direct Care Cost Center | 87.82 | 85.33 | 84.21 | 82.88 | 83.02 | 84.36 |
| Ancillary / Support Cost Center | 77.46 | 76.28 | 74.57 | 73.00 | 72.05 | 71.95 |
| Capital Cost Center | 21.15 | 20.59 | 19.42 | 19.68 | 19.29 | 18.71 |
| Franchise Permit Fees | 14.66 | 14.42 | 14.19 | 14.20 | 13.72 | 13.23 |
| Total Allowable Costs Calendar Year | \$ 203.87 | \$ 199.24 | \$ 194.89 | \$ 192.21 | \$ 190.36 | \$ 190.48 |
| Total Estimated Medicaid Loss per day | \$ (19.12) | \$ (22.57) | \$ (20.31) | \$ (17.93) | \$ (18.54) | \$ (18.81) |
| Direct Care Consolidated Services | \$ 21.90 | \$ 22.28 | \$ 21.77 | \$ 21.51 | \$ 21.18 | \$ 19.44 |
| Ancillary/Support Consolidated Services | 0.28 | 0.25 | 0.31 | 1.02 | 0.87 | 0.88 |
| Consolidated Services - Total ^(A) | \$ 22.18 | \$ 22.54 | \$ 22.08 | \$ 22.53 | \$ 22.05 | \$ 20.32 |
| Total Allowable Costs with Consolidated Services | \$ 226.05 | \$ 221.77 | \$ 216.97 | \$ 214.74 | \$ 212.41 | \$ 210.80 |
| Total Profit/(Loss) per Diem | \$ (41.30) | \$ (45.10) | \$ (42.39) | \$ (40.46) | \$ (40.60) | \$ (39.13) |

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



Medicaid Margin Analysis

The average Medicaid Margin (before consolidated services as previously noted) is further broken out by peer group. While costs increased by 3.41% statewide, the average Medicaid rate increased by the same percent year over year. Per diem expense rose faster than revenue resulting in a 3% decrease in Medicaid profitability on a statewide basis.

| Peer Group | CY 2021 Avg Rate | 2021 Cost | 2021 Margin | CY 2022 Avg Rate | 2022 Cost | 2022 Margin | % Change '21 - '22 |
|------------------------------|---------------------|--------------|----------------|---------------------|--------------|----------------|-----------------------|
| CSA1-L | \$ 226.83 | \$ 310.30 | \$ (83.47) | \$ 233.48 | \$ 317.27 | \$ (83.79) | -0.37% |
| CSA1-S | 223.79 | 308.69 | (84.90) | 232.40 | 324.48 | (92.08) | -8.45% |
| CSA2-L | 221.08 | 286.19 | (65.11) | 227.23 | 291.40 | (64.16) | 1.46% |
| CSA2-S | 222.41 | 284.74 | (62.33) | 229.76 | 297.36 | (67.60) | -8.45% |
| CSA3-L | 209.70 | 265.73 | (56.04) | 218.19 | 270.74 | (52.55) | 6.22% |
| CSA3-S | 207.82 | 262.67 | (54.85) | 216.34 | 268.70 | (52.37) | 4.52% |
| Statewide | \$ 219.18 | \$283.55 | (\$64.37) | \$226.65 | \$ 293.21 | (\$66.56) | -3.39% |
| Percent Change from '21-'22 | | | | 3.41% | 3.41% | -3.39% | |
| Per Diem Change from '21-'22 | | | | \$ 7.47 | \$ 9.66 | \$ (2.18) | |

Peer Group Cost Trend Analysis

Each of the six peer groups experienced between 1-5% increase in cost per day year over year. The Cincinnati region (CSA 1-L and 1-S) continues to average around 9.5% higher costs than the statewide average, while the rural regions (CSA 3-L and 3-S) continue to average around 8% lower costs than the statewide average.

| Peer Group | 2017 Cost | 2018 Cost | 2019 Cost | 2020 Cost | 2021 Cost | 2022 Cost | % Change '21 - '22 |
|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------------|
| CSA1-L | \$219.17 | \$238.89 | \$ 253.99 | \$ 286.02 | \$ 310.30 | \$ 317.27 | 2.25% |
| CSA1-S | 223.38 | 263.01 | 258.53 | 293.64 | 308.69 | 324.48 | 5.11% |
| CSA2-L | 213.92 | 223.57 | 227.08 | 258.95 | 286.19 | 291.40 | 1.82% |
| CSA2-S | 216.83 | 229.25 | 231.86 | 265.69 | 284.74 | 297.36 | 4.43% |
| CSA3-L | 194.72 | 205.49 | 208.30 | 240.99 | 265.73 | 270.74 | 1.88% |
| CSA3-S | 200.33 | 205.60 | 209.74 | 235.78 | 262.67 | 268.70 | 2.30% |
| Statewide | \$211.96 | \$ 225.81 | \$ 228.99 | \$ 261.20 | \$ 283.55 | \$ 293.21 | 3.41% |

(A) Excludes Consolidated Services

Purchased Nursing

Purchased nursing has had a significant impact on SNF operations over the past several years. Below please find statewide average cost for each respective position. Purchased nursing cost per day has grown 482%, or \$18.47 per patient day, from \$3.83 in 2019 to \$22.30 in 2022.

| Statewide Purchased Nursing Avg PPD | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | % Change '21 - '22 |
|--|---------|---------|---------|---------|----------|----------|-----------------------|
| RNs | \$ 0.29 | \$ 0.39 | \$ 0.49 | \$ 1.06 | \$ 2.29 | \$ 3.17 | 38% |
| LPNs | 0.77 | 0.87 | 1.20 | 2.02 | 5.65 | 8.82 | 56% |
| Aides | 1.04 | 1.39 | 2.14 | 2.96 | 6.95 | 10.31 | 48% |
| Total Purchased Nursing | \$ 2.10 | \$ 2.65 | \$ 3.83 | \$ 6.04 | \$ 14.89 | \$ 22.30 | 50% |
| Percent Change | | 26% | 45% | 58% | 147% | 50% | |
| Per Diem Change | | \$ 0.55 | \$ 1.18 | \$ 2.21 | \$ 8.85 | \$ 7.41 | |



Staffing & Compensation Patterns

In 2022, providers saw a decrease in hours per patient day in direct care of 7.17% and a decrease in ancillary support staff of 3.51%. The table below provides detail of these trends for direct care positions and ancillary/support in total. Please keep in mind these direct care hours are for facility employees and do not include contract direct care staff.

| Statewide - Hours per Patient | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | % Change '21 - '22 |
|-------------------------------|------|------|------|------|------|------|-----------------------|
| Administrative Nursing | 0.14 | 0.16 | 0.15 | 0.18 | 0.17 | 0.17 | -1.52% |
| RNs (Includes Charge Nurse) | 0.50 | 0.52 | 0.51 | 0.55 | 0.54 | 0.49 | -8.84% |
| LPNs (Includes Charge Nurse) | 0.96 | 0.97 | 0.95 | 0.99 | 0.94 | 0.88 | -6.02% |
| Aides (Includes Hab Aides) | 2.23 | 2.23 | 2.14 | 2.23 | 2.10 | 1.95 | -7.25% |
| Total Direct "Hands On" Care | 3.69 | 3.72 | 3.61 | 3.77 | 3.58 | 3.31 | -7.45% |
| Total Direct Care | 3.85 | 3.91 | 3.79 | 3.97 | 3.78 | 3.51 | -7.17% |
| Total Ancillary / Support | 2.02 | 2.12 | 2.12 | 2.25 | 2.28 | 2.20 | -3.51% |
| Total Facility Hours per Day | 5.87 | 6.03 | 5.90 | 6.22 | 6.06 | 5.85 | -3.48% |

There was also a decrease in both direct care and ancillary support staff full time equivalents of 3.58% and 0.12%, respectively.

| Statewide - FTEs | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | % Change '21 - '22 |
|------------------------------|-------|-------|-------|-------|-------|-------|-----------------------|
| Administrative Nursing | 1.80 | 1.87 | 1.87 | 1.95 | 1.79 | 1.90 | 6.12% |
| RNs (Includes Charge Nurse) | 6.90 | 6.78 | 6.78 | 6.64 | 6.04 | 5.62 | -6.98% |
| LPNs (Includes Charge Nurse) | 13.65 | 13.12 | 12.93 | 12.29 | 10.88 | 10.53 | -3.22% |
| Aides (Includes Hab Aides) | 31.01 | 29.78 | 28.77 | 27.16 | 23.95 | 23.06 | -3.70% |
| Total Direct "Hands On" Care | 51.56 | 49.68 | 48.48 | 46.09 | 40.87 | 39.21 | -4.06% |
| Total Direct Care | 53.67 | 51.90 | 50.71 | 48.41 | 43.01 | 41.47 | -3.58% |
| Total Ancillary / Support | 27.66 | 26.88 | 26.94 | 26.06 | 24.84 | 24.81 | -0.12% |
| Total Facility FTEs | 81.33 | 78.78 | 77.65 | 74.48 | 67.85 | 66.28 | -2.32% |

Based on Attachment 6 data as reported, there was an average increase in wage per hour of 11.5% across direct care nursing. See below for the breakdown by position:

| Position | 2022 Wage per hour | 2021 Wage per hour | \$ Change | % Change |
|--------------------------|-----------------------|-----------------------|-----------|----------|
| Director of Nursing | 48.29 | 44.48 | 3.81 | 8.6% |
| RN Charge Nurse | 39.16 | 36.30 | 2.87 | 7.9% |
| LPN Charge Nurse | 32.63 | 28.91 | 3.72 | 12.9% |
| Registered Nurse | 37.66 | 33.81 | 3.85 | 11.4% |
| Licensed Practical Nurse | 31.51 | 27.57 | 3.94 | 14.3% |
| Nurse Aides | 19.61 | 17.21 | 2.40 | 13.9% |