

Medicare FFS Attrition Rate

Approximately half of all Medicare beneficiaries have elected Medicare Advantage coverage in lieu of the traditional Fee-for-Service (“FFS”) program. MA represents the greatest financial threat to Skilled Nursing Facilities because MA utilization and payment rates lag far behind FFS, and FFS is Skilled Nursing’s most important pay class.

This document quantifies the financial impact on the SNF sector.

September 2023



ZIMMET HEALTHCARE
SERVICES GROUP, LLC



Medicare Advantage: \$NF Impact

- Lower SNF utilization and rates from MA relative to FFS is among the greatest threats to SNF reimbursement.
- Every 1% MA “Growth Share” (e.g., 48% penetration to 49% nationally) decreases SNF revenue by \$275 million annually:

2019 MA Utilization Analysis

Variable	FFS	MA
Enrollment Share	37,898,471	22,314,992
SNF Covered Stays	2,069,107	1,150,964
ALOS (days)	24.6	20.4
Average Rate \$PPD	\$621	\$425
SNF Revenue	\$31.87B	\$10.01B
\$/Beneficiary	\$841	\$448
Spend Difference	\$393	<i>Beneficiary per year</i>

Trended to 2023 Enrollment

Spend Difference	\$425	<i>MBI @ 2%/year</i>
2023 Beneficiaries	64,697,030	
1% Shift in Share	646,970	<i>(e.g., 48% - 49% MA)</i>
SNF Loss / 1% Shift	\$274,956,945	<i>per year</i>

Based on CMS released MA SNF utilization data and rate information from Netsmart's CORE Analytics MAPAX application; contextualized by ZHSG.



ZIMMET HEALTHCARE
SERVICES GROUP, LLC

Medicare Attrition Rate (“MAR”)

The Medicare Attrition Rate tells us how rapidly Medicare Advantage is growing, relative to the decline in FFS enrollment. ZHSG & eCapIntel will update the MAR using a 12-month rolling average starting in 2024.

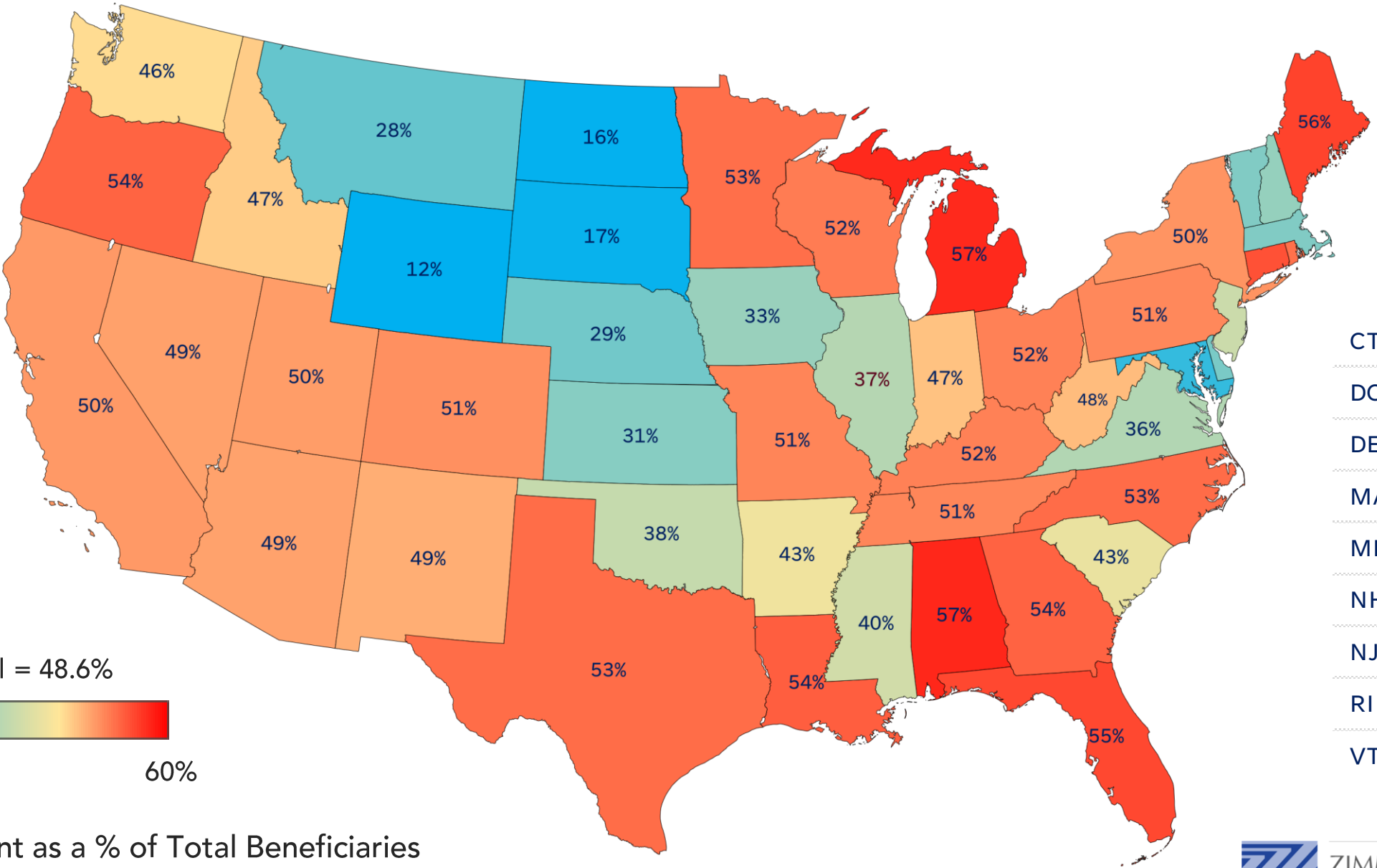
Lower values are bad for SNFs. For the 12 months ended August 31, 2023, the number of total Medicare beneficiaries grew by 1.35M, broken down as follows:

$$\begin{array}{lcl} \text{FFS enrollment decline:} & (1,135,344) / & \\ \text{MA enrollment growth:} & 2,485,479 & = (0.46) \end{array}$$

How to interpret the Medicare Attrition Rate:

The MAR is (0.46). In other words, for every 100 new MA elections, there were 46 fewer beneficiaries enrolled in FFS.

Medicare Advantage Enrollment



National = 48.6%

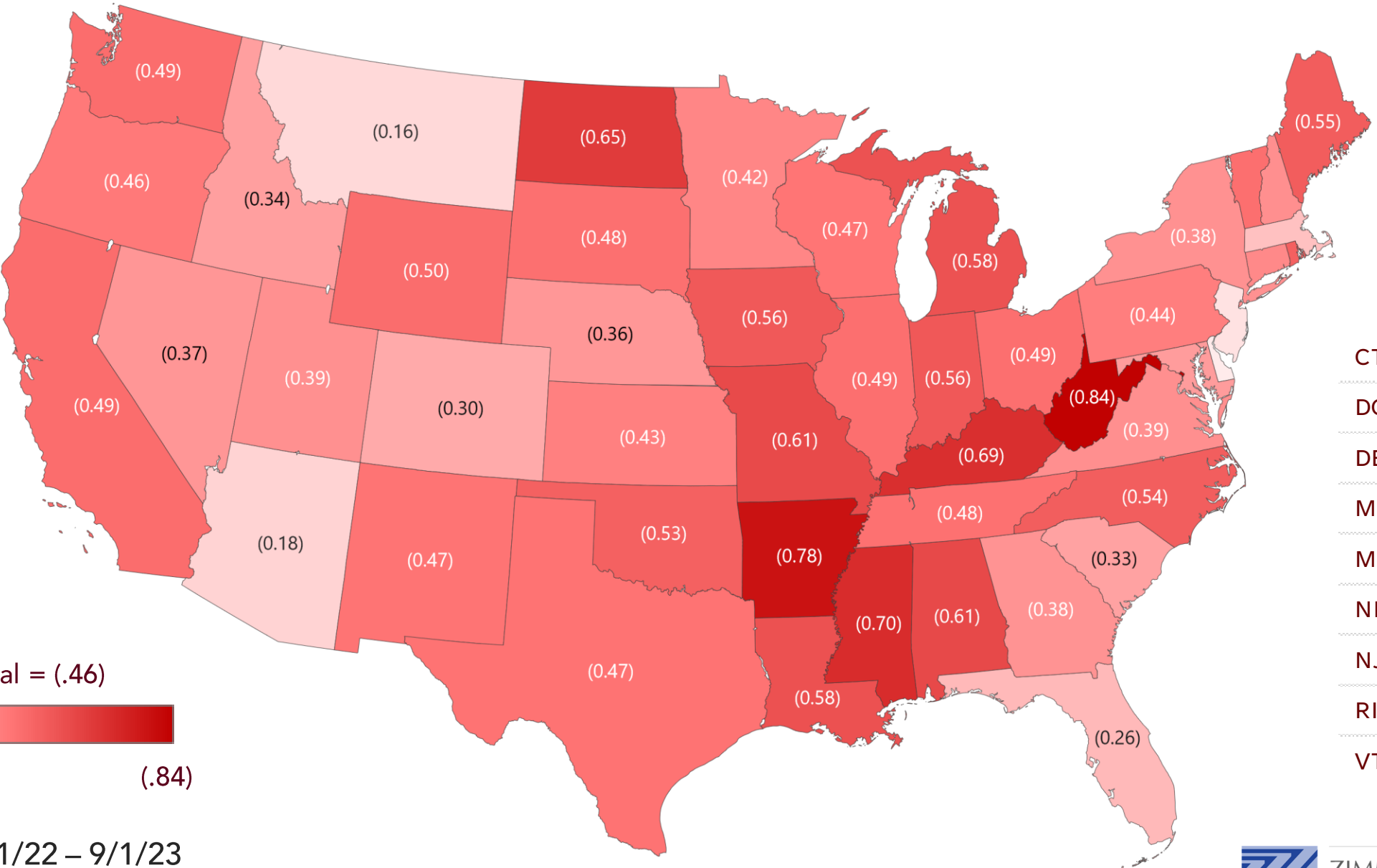


12%

60%

MA Enrollment as a % of Total Beneficiaries
September 1, 2023 (CMS)

12-Month Medicare Attrition Rate



CT	(0.41)
DC	(0.83)
DE	(0.10)
MA	(0.23)
MD	(0.35)
NH	(0.39)
NJ	(0.13)
RI	(0.54)
VT	(0.49)

National = (.46)

(.10) (.84)

MAR from 9/1/22 – 9/1/23
(CMS – raw data; contextualized by ZHSG)

Medicare Advantage Rate/Utilization Analysis

[Zimmet Healthcare](#) analyzed Medicare Advantage reimbursement for SNF services, relative to FFS benchmarks. The data in the table below is sourced from [CORE Analytics](#) from markets with at least 1,500 admissions 1/1/23 – 6/30/23.



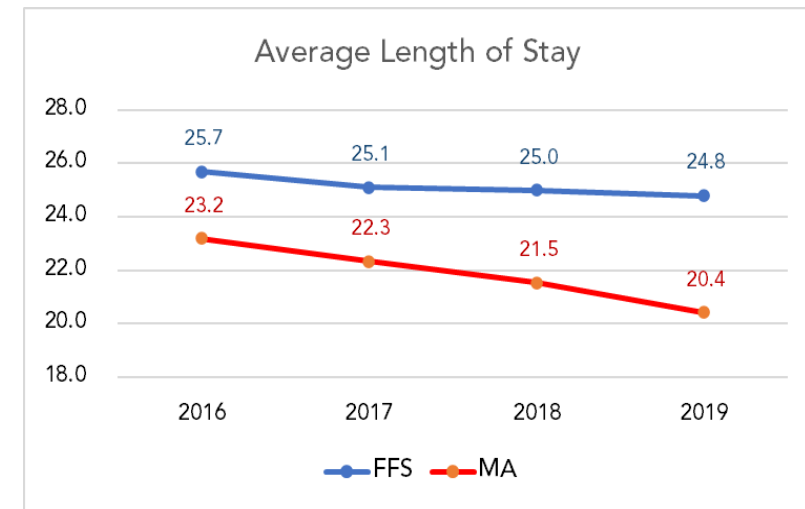
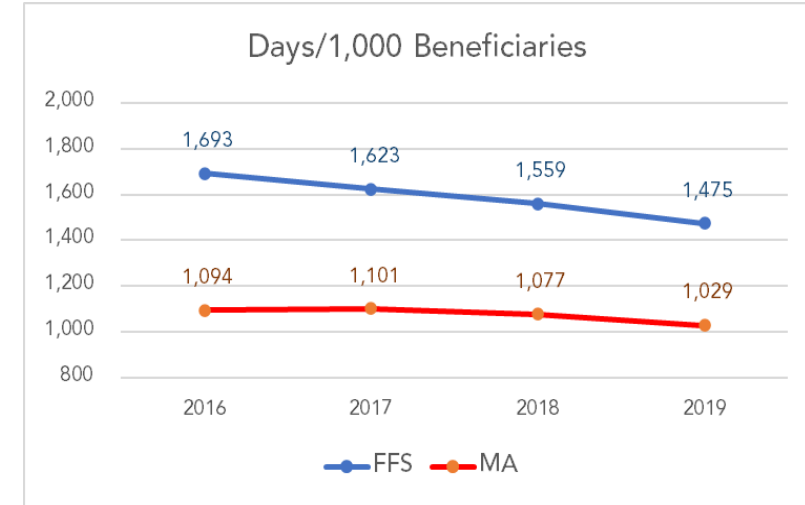
Daily Rate Analysis

Revenue Per Admission Analysis

CBSA	FY 2022 AWI	Z-RAF Score	County	PDPM PPD*	MA PPD	MA Discount	PDPM \$/Admit*	MA ALOS	MA \$/Admit	MA Discount
35614	1.3388	1.43	New York City	\$811	\$451	44.4%	\$21,897	16.5	\$7,442	66.0%
45300	0.8826	1.47	Tampa, FL	\$602	\$365	39.4%	\$16,254	16.9	\$6,169	62.0%
37964	1.1073	1.63	Philadelphia, PA	\$703	\$461	34.4%	\$18,981	15.9	\$7,330	61.4%
35154	1.0578	1.41	Monmouth, NJ	\$698	\$460	34.1%	\$18,846	15.2	\$6,992	62.9%
41180	0.9583	1.82	St. Louis, MO	\$635	\$421	33.7%	\$17,145	18.3	\$7,704	55.1%
31084	1.3046	1.71	Los Angeles, CA	\$807	\$536	33.6%	\$21,789	16.3	\$8,737	59.9%
36740	0.9003	1.70	Lake, FL	\$603	\$404	33.0%	\$16,281	18.6	\$7,514	53.8%
28140	0.9237	1.82	Kansas City, MO	\$620	\$436	29.7%	\$16,740	16.1	\$7,020	58.1%
19124	0.9699	1.38	Dallas, TX	\$643	\$453	29.5%	\$17,361	18.9	\$8,562	50.7%
47894	1.0202	1.69	Arlington, VA	\$658	\$483	26.6%	\$17,766	16.1	\$7,776	56.2%
12060	0.9508	1.89	Atlanta, GA	\$634	\$470	25.9%	\$17,118	16.4	\$7,708	55.0%
26420	0.9925	1.67	Houston, TX	\$657	\$509	22.5%	\$17,739	16.4	\$8,348	52.9%
16984	1.0372	2.01	Cook, IL	\$678	\$601	11.4%	\$18,306	16.5	\$9,917	45.8%

* Average rate for 27-day ALOS

Source: LDS-SAF / CORE Analytics



Source: CMS



ZIMMET HEALTHCARE
SERVICES GROUP, LLC

- Fragmented SNFs market; Empty beds
- No SNF industry leverage or protection

Visit z.PAX for a look at the SNF Medicare Advantage “Debt Clock”



ZIMMET HEALTHCARE
SERVICES GROUP, LLC