



Skilled Nursing Facility
Response to FY 2012
Medicare Payment
Reductions: Survey Results

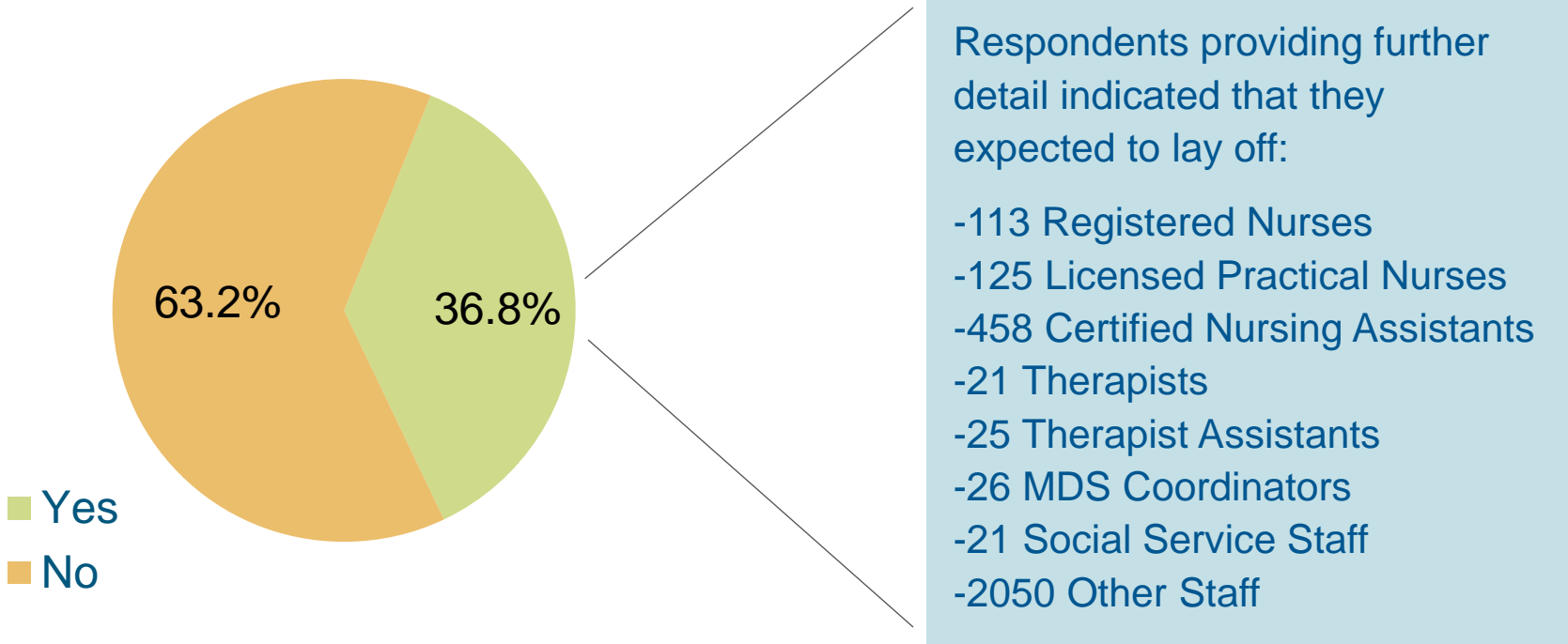
Embargoed for release until November 7, 2011
Avalere Health LLC

Survey Content

- Avalere Health, LLC fielded a survey between October 3rd and October 17th among members of the Alliance for Quality Nursing Home Care and other providers of nursing facility care. The survey contained questions regarding:
 - » Actions facilities plan to take in response to the payment reduction in the FY 2012 SNF final rule
 - » Changes that facilities made in response to the implementation of MDS 3.0 and RUG-IV
 - There were 292 complete responses, representing at least 2,932 facilities
 - Responses were received from a wide range of providers, in virtually all states:
 - » Small providers (less than 100 beds): 101, or 37% of respondents
 - » Medium providers (between 100-1000 beds): 120, or 44% of respondents
 - » Large providers (more than 1000 beds): 52, or 19% of respondents
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Survey Results: Staff Reductions

Question: In response to the rule, do you expect to lay off direct service staff (including staff at any facilities that will be closed)?



Denominator = 234 respondents

Survey Results: Staff Reductions Cont.

Total Number of Expected Layoffs Reported:

4,833¹ employees in 733 facilities

(Denominator = 65 respondents)

Average Percent of Workforce to be Laid Off:

6% of employees

Range: 0.1% - 75%²

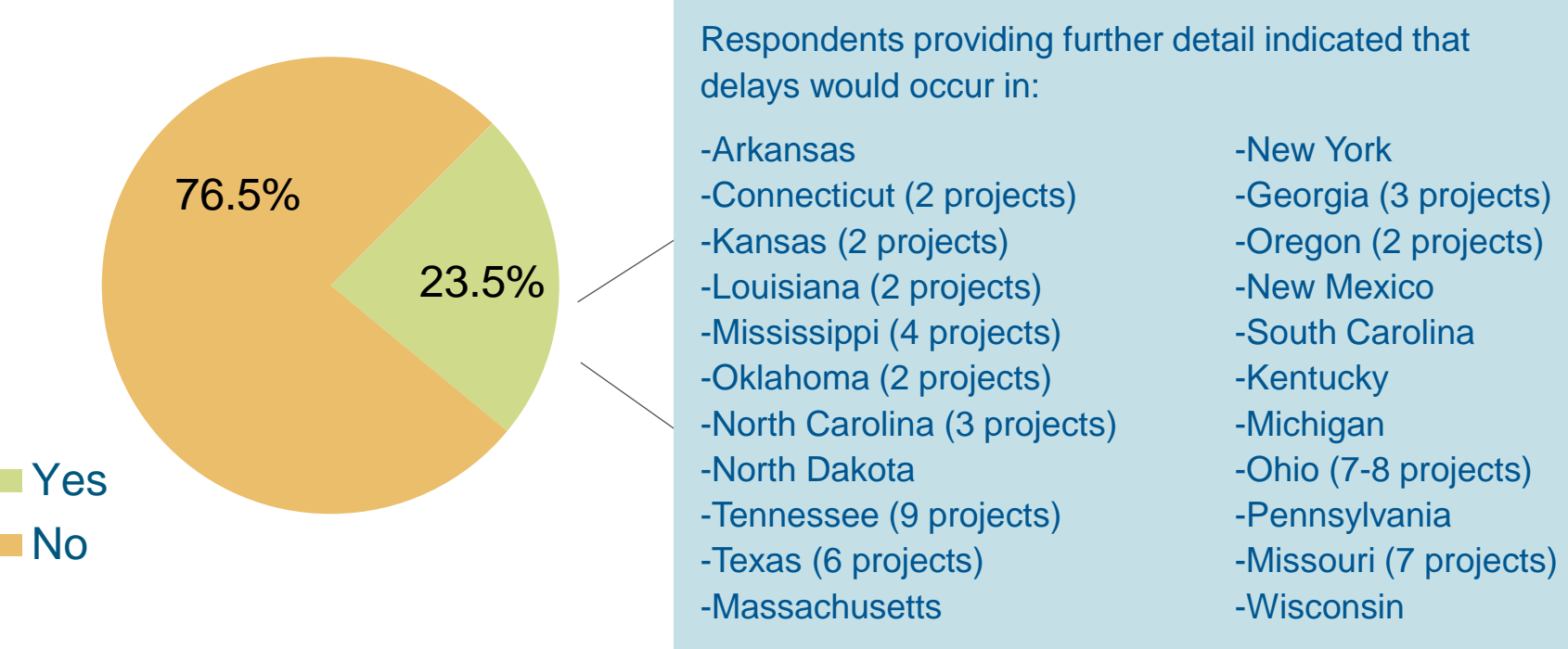
(Denominator = 73 respondents)

¹ This total does not match the total number of layoffs by type of employee (reported in the previous slide), because some respondents did not break out the layoffs by type of employee

² The 75% figure is from the survey of a provider that has two facilities and plans to close one

Survey Results: Postponed SNF Expansions & Renovations

Question: In response to the rule, do you plan to significantly delay or cancel the opening of new facilities and/or expansion of existing facilities?

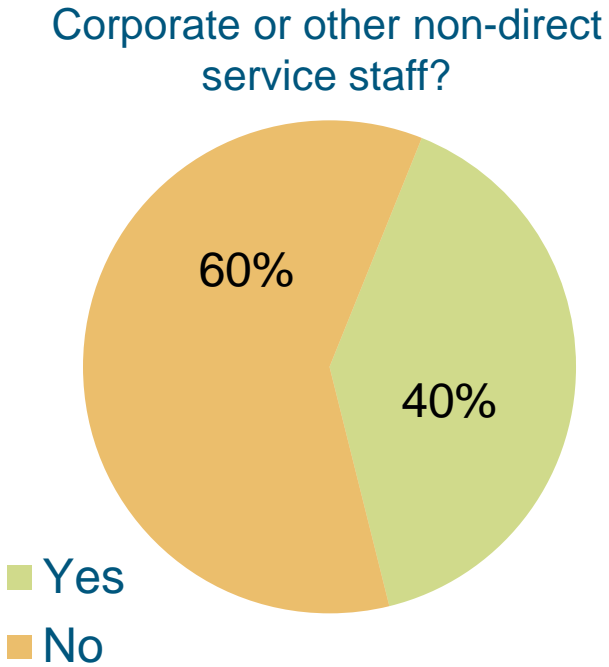
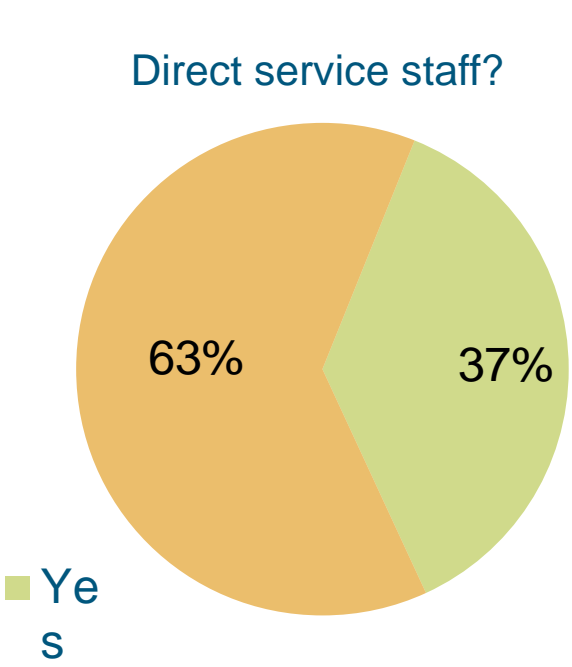


45 respondents indicated that they would delay or cancel a total of 80-85 facility expansions or renovation projects that would have generated 4,502-5,002 jobs

Denominator = 238 respondents

Survey Results: Staff Reductions Cont.

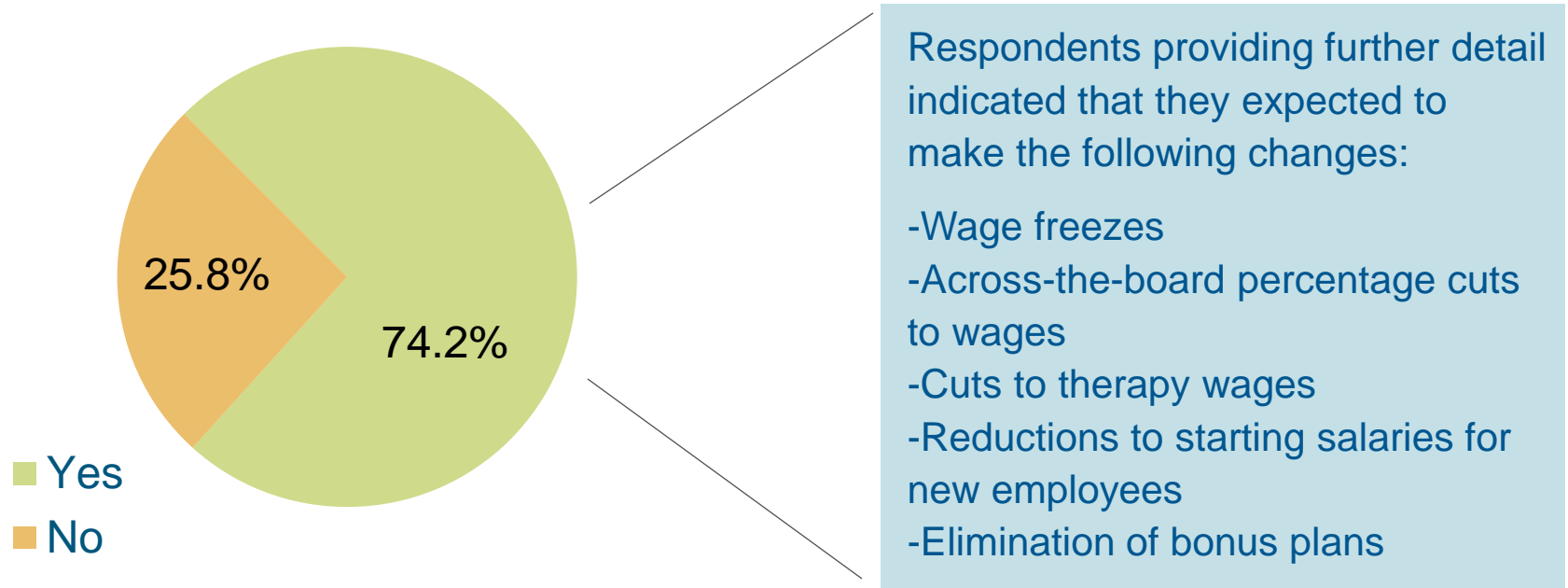
Question: In response to the rule, do you expect to indefinitely postpone or cancel hiring of:



Denominator = 227 respondents for the question regarding direct service staff and 210 respondents for the question regarding corporate or other non-direct service staff.

Survey Results: Changes to Staff Wages

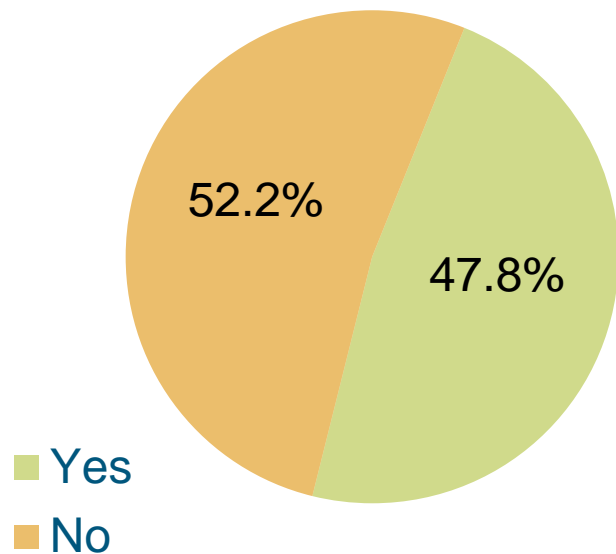
Question: In response to the rule, do you plan to make any changes in wage rates (e.g., smaller raises, a wage freeze)?



58% of “Yes” respondents (n=158) indicated that they were already under, or were likely to implement a **wage freeze or reduction in annual increases**

Survey Results: Changes to Staff Benefits

Question: In response to the rule, do you plan to make any changes in benefits (e.g., an increase in cost-sharing and/or a reduction in the employer contribution, restrictions in benefits covered)?



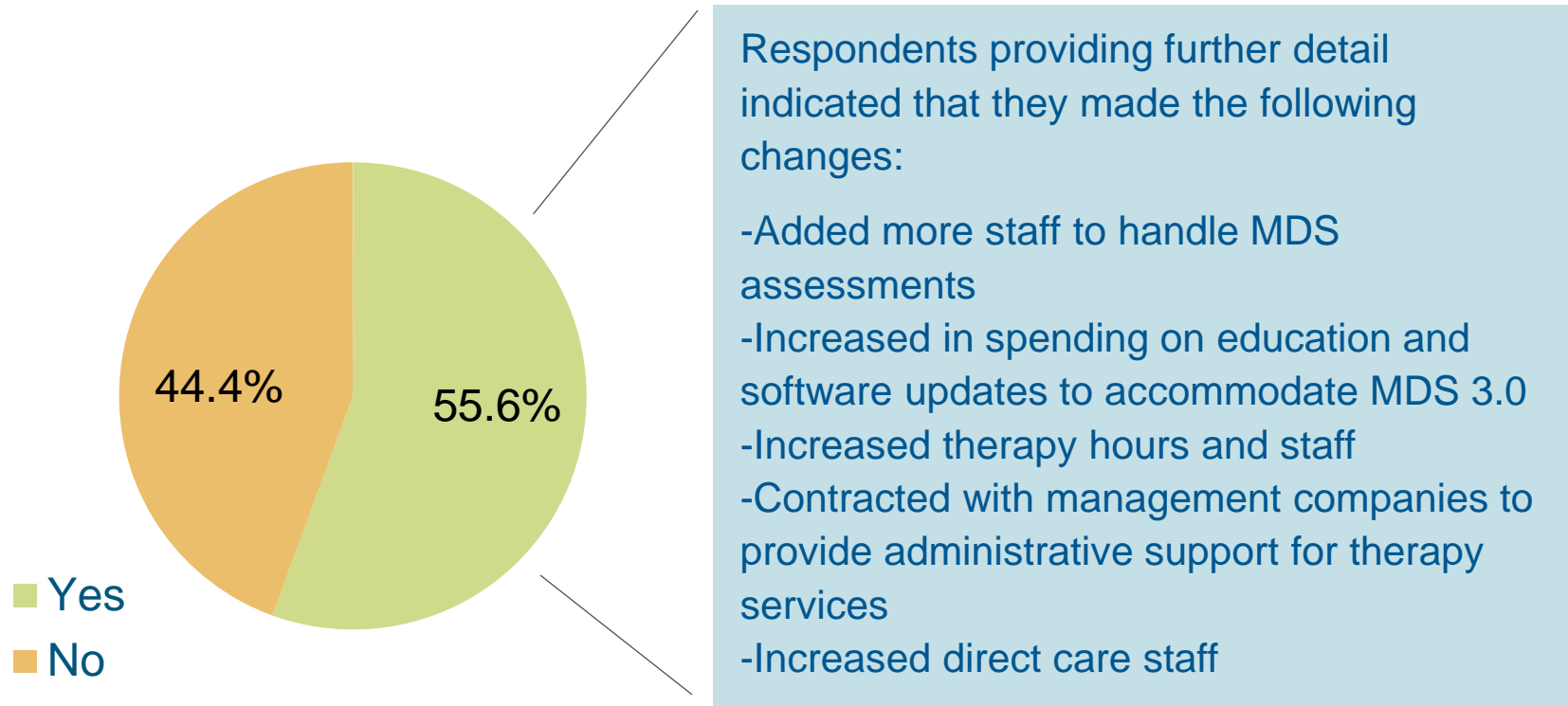
Respondents providing further detail indicated that they expected to make the following changes:

- Eliminate paid holidays
- Increase cost sharing for employee health insurance plans
- Reduce or freeze contributions to health insurance premiums
- Reduce or eliminate 401(k) matching contributions
- Reduce or eliminate employee scholarship programs
- Reduce PTO accrual rate

Denominator = 209 respondents

Survey Results: Changes Related to MDS 3.0 & RUG-IV

Question: Did you make any major changes in facility spending in response to the implementation of RUG-IV and MDS 3.0?



Denominator = 198 respondents

Survey Results: Open-Ended Questions

A few quotes from respondents:

“SNF residents will likely receive less than necessary therapy and could be impacted with inappropriate shorter stays. This may result in more high risk 30 day readmissions to hospitals.”

“The quality of care for the SNF patients is going to decline because facilities are going to have to make staffing adjustments to compensate for the lost revenue.”

“Revenue reductions will hurt all residents not just those who are skilled. There will be a reluctance to take individuals based on RUGS scores.”

“Patients can absolutely benefit from group therapy but changes will lessen the likelihood they will receive it.”

“Industry wide, these cuts will impact thousands or hundreds of thousands of jobs and will ultimately impact patient care as fewer employees are tasked with providing care to the ever increasing acuity of our residents.”