

Assessing SNF Providers by Overall Quality Rating

An analysis of profiles of skilled nursing facility (SNF) operators based on their overall star ratings published on the Nursing Home Compare website administered by the Centers for Medicare & Medicaid Services (CMS) provides an interesting perspective on variation among these organizations. The comparative analysis, conducted in February 2017, matched selected data from the most recent available SNF Medicare Cost Report to data from the Nursing Home Compare website. According to the metrics CMS uses to measure quality of care, a five-star facility would be expected to offer a higher quality of care than a one-star provider.

One factor that should be taken into account when considering the findings of the analysis is how much higher the ratio of for-profit to not-for-profit providers is in the post-acute care sector of the industry than it is in the acute care sector. Many hospital executives may be surprised at this difference.

The analysis disclosed two significant trends. First, with respect to star ratings, there is a steady increase in the ratio of not-for-profit to for-profit providers from the lowest to highest

rating. Additional analysis shows that 62 percent of not-for-profit SNF providers are in either a four- or five-star rating category:

$$\begin{aligned}
 & ([3,157 \times 0.24] + [3,042 \times 0.32]) \div (13,971 \times 0.2) = \\
 & (758 + 973) \div 2,794 = \\
 & 0.619 (62\%)
 \end{aligned}$$

The second trend in the data is that SNFs with higher star ratings tend to be profitable, possibly indicating that these facilities have patient-centered management skills that promote higher quality measures and effective productivity that results in higher margins.

Healthcare professionals may find this information useful as the delivery of care continues to encourage an integrated continuum of care for patients. Understanding the characteristics of skilled nursing care as well as other parts of the continuum of care will become increasingly important as providers focus on the management of population health. ■

This analysis was performed by SNFdata Resources, LLC, Louisville, Ky. For more information, contact William Shoemaker at support@snfdata.com.

SKILLED NURSING FACILITY PROVIDERS SORTED BY OVERALL STAR RATING

Overall Star Rating		Total	1	2	3	4	5
Total Facilities		13,971	2,408	2,767	2,587	3,157	3,052
Type of Control	Governmental	6%	6%	5%	6%	7%	6%
	For Profit	74%	86%	80%	76%	69%	62%
	Not for Profit	20%	8%	15%	19%	24%	32%
Net Income	Not Profitable	44%	52%	47%	44%	42%	37%
	Profitable	56%	48%	53%	56%	58%	63%
Location	Rural	28%	31%	28%	29%	30%	25%
	Urban	71%	69%	72%	70%	70%	75%