

Skilled Nursing Facilities in These States Make the Most Revenue Per Bed

Written by: <u>Jennifer Huizen</u>, Data Work By Elena Cox



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As the American population ages, more families are turning to skilled nursing facilities to help look after their loved ones.

Skilled nursing facilities, or SNFs, are staffed by trained medical professionals who care for people requiring nursing, medical, or rehabilitative services. Most people in SNFs have been discharged from the hospital but cannot safely return home, often due to an inability to move

on their own or perform medical treatments. In addition to caring for older adults, SNFs can provide rehab for people of any age, as well as support for people living with disabilities.

SNFs are in a class of their own. They typically don't provide the same level of care as hospitals, and unlike nursing homes, they are meant to provide temporary care. Given their unique purpose, they fill an important niche in the caregiving landscape.

In July, the Centers for Medicare & Medicaid Services updated its Medicare payment policies and rates for SNFs, increasing spending by over 4%, or \$1.4 billion in the fiscal year 2025. Though the cost of staying in an SNF varies based on location and the type of care required, 2024's median national cost for a <u>private room in an SNF is \$330 per day</u> and \$294 per day for a semiprivate room, according to an estimate from SeniorLiving.org. Along with the recent updates, financial penalties on facilities with health and safety deficiencies can be imposed, raising the stakes for SNFs.

<u>Nursing Homes</u> examined data from the <u>Centers for Medicare & Medicaid Services</u> to determine which states bring in the most revenue at their skilled nursing facilities. The data was calculated by dividing the net patient revenue by the total number of beds. It exclusively represents dedicated skilled nursing facilities and does not include nursing homes or other facilities with skilled nursing beds.

While the demand for care at SNFs rises, many of these facilities operate under precarious financial circumstances. According to an Economic State of Skilled Nursing Facility Industry report released in February 2023, SNFs are facing a series of unprecedented challenges, including issues stemming from the COVID-19 pandemic, like a decline in occupancy rates, increases in operating costs, and staffing problems. The 2023 projected median operating margins, or profitability ratio, show many SNFs barely breaking even, according to the report.

Those rising costs are passed on to the consumer. Given the dire financial state of many SNFs, facilities are under mounting pressure to become profitable.

Story editing by Alizah Salario. Additional editing by Kelly Glass. Copy editing by Kristen Wegrzyn.

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