



White Paper

# Improving Financial Outcomes in Skilled Nursing

**PointClickCare®**

# Executive Summary

Today's skilled nursing facilities (SNFs) face overwhelming odds to stay in business. Slim margins, intensified by wage inflation and challenging operational conditions, mean that some organizations are barely breaking even while others are incurring losses. With a heavy reliance on government reimbursements, staying afloat depends on maintaining compliance with constantly evolving policies. To succeed despite these obstacles, SNFs must implement strategic solutions that will increase margins, reduce costs, and optimize revenue.

In this white paper, we examine the challenges SNFs must overcome and the resources they require to meet financial goals. We'll explore actionable approaches that support high-quality, efficient care delivery, reduce compliance burdens, maximize reimbursements, and provide insights for optimization.

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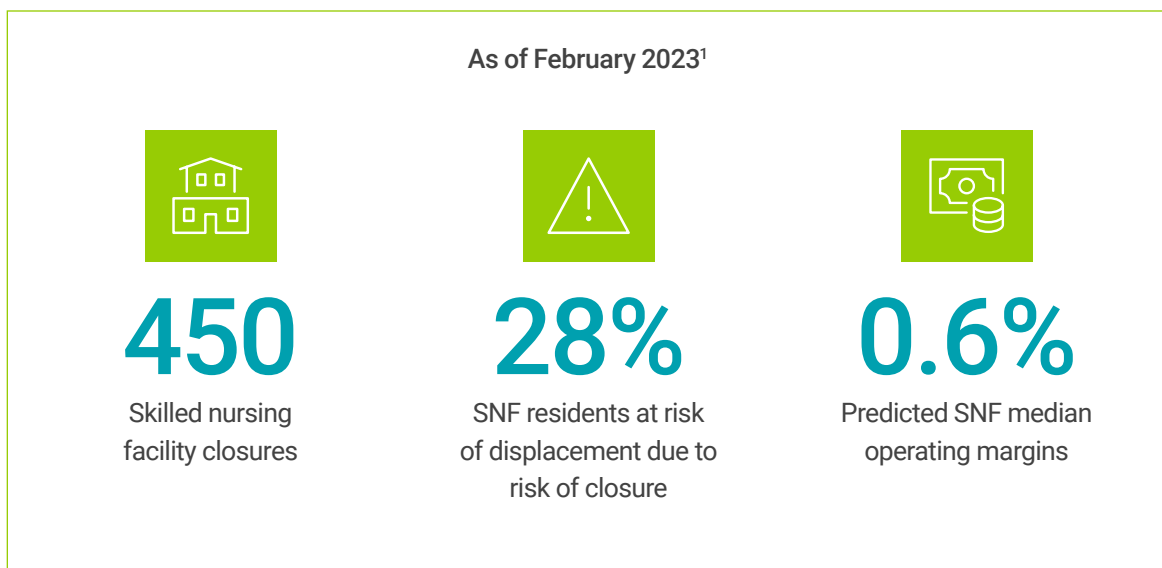
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# Overcome Financial Setbacks

## Increase Margins and Reduce Costs

Because SNFs operate on razor-thin margins, they lack the financial cushion to absorb unforeseen setbacks. We saw this during the COVID-19 pandemic, which has continued to impact the skilled nursing industry. The initial shockwaves of the economic downturn, compounded by supply chain disruptions and unexpected expenses, resulted in sustained financial challenges. While SNFs have begun to recover from the unprecedented declines in occupancy, competition between facilities has increased.

Rising costs of care, staffing shortages, and the ongoing struggle to maintain quality care ratings and meet regulations have created persistent negative operating margins. As a result, facilities are limiting admissions, downsizing their number of beds, consolidating with other facilities, or closing, putting residents at risk of displacement.



Escalating the challenges, the temporary Public Health Emergency (PHE)-related federal funding that helped mitigate negative financial impacts in 2020 proved insufficient for the financial demands of 2021 or 2022. With the end of PHE in 2023, the cessation of the three-day stays and spell of illness waivers impacts the already slow occupancy growth.

<sup>1</sup> CLA Economic State of Skilled Nursing Facility (SNF) Industry. Clifton Larson Allen LLP, 2023. Available at: <https://www.ahcancal.org/News-and-Communications/Fact-Sheets/FactSheets/CLA-Economic-State-SNFs-Report-Feb2023.pdf>.

## Mitigate the Labor Crisis

At the same time, the workforce shortage and wage inflation affecting the entire healthcare sector have intensified within the long-term care and skilled nursing environment. Staffing costs are a large portion of operating expenses and have surged due to wage inflation, signing bonuses, overtime, and temporary contract pay. Healthcare has seen an historic rise in nursing salaries that amounts to up to a 40% increase over four years in some areas.<sup>2</sup> Coupled with an additional 50% to 60% increase in costs for agency nurses,<sup>3</sup> staffing costs have driven many facilities into financial distress.

“ Skilled nursing is a physically demanding job. When caregivers are picking up doubles, it increases the risk of employee injury and fatigue. Bringing in agency staff introduces a lack of familiarity that makes them less efficient and increases risk. And you’re paying a 50% to 60% higher rate than you’re paying personnel with a more in-depth knowledge of your residents, processes, and systems.

Travis Palmquist, Senior VP and General Manager of Emerging Markets, PointClickCare

Understaffing, resulting in a gap between recommended and actual caregiver-to-patient ratios — a critical metric for ensuring high-quality care — has prompted recent staffing mandates for long-term care and SNFs. The Kaiser Family Foundation (KFF) estimates that 19% of nursing facilities currently meet the staffing requirements of the Centers for Medicare & Medicaid Services (CMS) final rule.<sup>4</sup> The additional burden of meeting recent unfunded staffing mandates could put more facilities in the red. Due to the lack of available workers, some facilities may need to reduce admissions or beds to comply with staffing ratios, reducing their revenue. CMS estimates compliance with staffing requirements will cost \$43 billion, which will be passed on to public and private payers.<sup>4</sup>

<sup>2</sup> Carbajal, E., & Emerson, J. “Will Rising Nurse Pay Mean Higher Healthcare Costs? It’s Complicated.” Becker’s Hospital Review, December 15, 2023. Available at: <https://www.beckershospitalreview.com/nursing/will-rising-nurse-pay-mean-higher-healthcare-costs-its-complicated.html>. Accessed June 5, 2024.

<sup>3</sup> “ICYMI: Report: Nursing Homes Increasingly Forced To Use Costly Staffing Agencies To Fill Vacancies.” AHCH/NCAL, February 16, 2024. Available at: <https://www.ahcancal.org/News-and-Communications/Press-Releases/Pages/ICYMI-Report-Nursing-Homes-Increasingly-Forced-To-Use-Costly-Staffing-Agencies-To-Fill-Vacancies.aspx>. Accessed July 11, 2024.

<sup>4</sup> Chidambaram, P., Burns, A., Neuman, T., & Rudowitz, R. “A Closer Look at the Final Nursing Facility Rule and Which Facilities Might Meet New Staffing Requirements.” KFF, May 21, 2024. Available at: <https://www.kff.org/medicaid/issue-brief/a-closer-look-at-the-final-nursing-facility-rule-and-which-facilities-might-meet-new-staffing-requirements/>. Accessed June 6, 2024.



## Case Study

### Enhancing Patient Care With Visibility Into Clinical, Financial, and Operational Metrics

As an example, Westmoreland County in Pennsylvania leveraged PointClickCare's Performance Insights solution to reduce administrative burden at its skilled nursing facility, Westmoreland Manor.

**The result: significant time savings on reporting and documentation.**

“ Performance Insights is a big time-saver for us, and for a facility like ours, any time saved is money earned. When administration can save time on reporting, it frees them up to help out on the nursing units — feeding residents, helping pass meds, putting clothes away, providing water, and more.

*Nancy McCune, Healthcare Systems Administrator, Westmoreland Manor*

Learn more about how PointClickCare can boost growth and improve financial health.

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### **Avoid Emergency Department (ED) Visits and Readmissions**

Due to the workplace shortage, caregivers are more likely to resort to emergency care to address urgent issues, especially when there isn't a physician available on site. Increased reliance on EDs for urgent care needs that could be managed within the facility leads to a higher number of avoidable ED visits and readmissions.

Between 2016 and 2021, the 30-day all-cause readmission rate for older adults on Medicare ranged from 16.7% to 16.9%,<sup>5</sup> with an estimated average readmission cost of \$15,200 per patient.<sup>6</sup> Many of these readmissions were predicted to be avoidable, inflating overall healthcare expenses and resulting in reduced reimbursements and potential penalties.

Conversely, for reduced or exemplary readmission rates, SNFs can earn incentives under models like the Value-Based Purchasing Program, with CMS setting aside 2% of payments to redistribute to high-achieving SNFs.<sup>7</sup>

Providing quality care and reducing readmissions during a workplace shortage are supported by technology that minimizes administrative tasks and enhances staff efficiency. This functionality should seamlessly integrate into existing EHR workflows, be user-friendly, provide flexible clinical support through after-hours and on-site care, and improve continuity of care.

<sup>5</sup> "Readmissions." Peterson-KFF Health System Tracker, March 26, 2024. Available at: <https://www.healthsystemtracker.org/indicator/quality/readmissions/>. Accessed July 11, 2024.

<sup>6</sup> Weiss, A. J., & Jiang, H. J. "Overview of Clinical Conditions With Frequent and Costly Hospital Readmissions by Payer, 2018." Statistical Brief #278, July 2021. Healthcare Cost & Utilization Project. Available at: <https://hcup-us.ahrq.gov/reports/statbriefs/sb278-Conditions-Frequent-Readmissions-By-Payer-2018.jsp>. Accessed July 11, 2024.

<sup>7</sup> "The Skilled Nursing Facility Value-Based Purchasing (SNF VBP) Program." CMS, June 6, 2024. Available at: <https://www.cms.gov/medicare/quality/nursing-home-improvement/value-based-purchasing>. Accessed June 17, 2024.



## Case Study



## Offering One-Click Access to Qualified Physicians, 24/7

As an example, Ignite Medical Resorts reduced readmission rates through PointClickCare's Virtual Health solution.

# 10%

Reduction in rehospitalization rates within three months of implementing Virtual Health

“ Staff experience has improved, especially during those late shifts. Night shift usually means less people in the building with lower levels of support, so getting nurses to cover those hours can be quite the task. With Virtual Health in play, it's a game-changer. Personally, knowing I can count on immediate support within 10 to 15 minutes would make me much more likely to pick up a night shift. It's a real selling point for our facility.

**Tammy Brown, Director of Clinical Informatics, Ignite Medical Resorts**

# Accurate Revenue Recognition

## Bridge the Medicare and Medicaid Reimbursement Gap

While communities that accept private pay can increase rent in response to rising costs, facilities dependent on Medicaid and Medicare, which make up 75% to 85% of the SNF population,<sup>8</sup> are subject to rates determined by state and federal governments, respectively.

“ Medicaid has been a bit of a loss leader, with traditional Medicare offsetting that loss. With the growth of Managed Medicare, the ability to offset that loss has really taken a hit. The rules changed. We used to have a point of care that captured the services delivered and provided the reimbursement required for a sustainable margin. That’s not the case with Managed Medicare.

Travis Palmquist, Senior VP and General Manager of Emerging Markets, PointClickCare

With roughly 60% of long-stay patients covered under Medicaid at lower reimbursement rates than other payers, the reliance on traditional Medicare’s higher reimbursement rate, coupled with the rise of Managed Medicare, has negatively impacted financial sustainability.<sup>9</sup> Despite increased care quality, the added financial and operational complexity of value-based care (VBC) payment models introduces challenges with ensuring accurate reimbursement for all the care and services provided, leading to lower than expected revenue recognition.

In addition, the transition to VBC means that SNFs must also focus attention on quality measures and outcomes. These quality measures include patient satisfaction, readmission rates, and overall health improvements. High ratings in these areas directly impact SNF revenue, as better performance leads to greater attainment of incentives under VBC initiatives, such as the Patient Driven Payment Model (PDPM), that are enabled by the Merit-based Incentive Payment System (MIPS).

<sup>8</sup> Lanzaro, A. “The Impact of Federal & State Reimbursement Rates on Nursing Homes.” Berkadia, November 9, 2023. Available at: <https://berkadia.com/blog/the-impact-of-federal-state-reimbursement-rates-on-nursing-homes/>. Accessed June 7, 2024.

<sup>9</sup> “Estimates of Medicaid Nursing Facility Payments Relative to Costs.” Medicaid and CHIP Payment and Access Commission, January 2023. Available at: <https://www.macpac.gov/wp-content/uploads/2023/01/Estimates-of-Medicaid-Nursing-Facility-Payments-Relative-to-Costs-1-6-23.pdf>.





## Regulatory Changes and Compliance

The introduction of the PDPM changed how SNFs were reimbursed from a volume-based paradigm to a patient-centered care model. Under PDPM, facilities must rigorously assess, code, and document each resident's clinical characteristics and needs for accurate reimbursement. This shift impacts operational efficiency, increasing the administrative workload and placing substantial pressure on SNFs to maintain accurate records, as any discrepancies can lead to reduced payments or audits.

The Case Mix Index (CMI), which reflects the complexity and severity of care needs among the residents they serve, can also significantly impact reimbursement rates. The higher a facility's CMI, the more a SNF can claim in reimbursements. This requires accurate coding, documentation, and annual updates to Medicare Severity Diagnosis Related Group (MS-DRG) weights.<sup>10</sup> CMI falls under the Medicare Prospective Payment System (PPS), which allows penalties for incorrect or intentional up-coding. These can increase per diem and per instance with the possibility of multiple penalties for the same type of noncompliance. With the CMS 2025 proposed rule including a 4.1% increase – an additional \$1.3 billion in spending – it's critical that SNFs maintain regulatory compliance to ensure they are fully realizing the expanded revenue opportunities.<sup>11</sup>

All of this adds up, making proper reimbursement documentation and regulatory compliance both a challenge and a priority for SNFs. The evolving nature of regulations and the complexity of reimbursement processes and payment models require facilities to invest in compliance software and technologies to capture data, track performance metrics, and make necessary improvements.

<sup>10</sup> "The Importance of Case Mix Index at Your Facility." Medrina, May 25, 2023. Available at: <https://medrina.com/news/what-is-case-mix-index>. Accessed June 6, 2024.

<sup>11</sup> Robbins, S. "FY2025 SNF Proposed Rule Updates." Forvis Mazars, April 5, 2024. Available at: <https://www.forvismazars.us/forsights/2024/04/fy2025-snf-proposed-rule-updates>. Accessed June 6, 2024.



## Case Study



# Supporting Nurses Through Comprehensive Assessment and Clinical Guidance

As an example, Sherrill House, a nonprofit skilled nursing and rehabilitation center, improved Medicare reimbursements by implementing PointClickCare's Nursing Advantage solution.

**19%**

Increase in Medicare reimbursement 120 days post launch

**62%**

Decrease in rehospitalization rate YoY

**35%**

Decrease in length of stay for managed care

“ Our team loves Nursing Advantage because of all it does in the background: creating required fields based on diagnosis, collecting every abnormal finding as it is entered into evaluations, immediately offering a list of appropriate interventions to choose from, and more. It's a prime example of using technology to monitor compliance versus skilled managers who are already overwhelmed with their work.

**Alessio Miniello, RN Chief Clinical Officer, Sherrill House**

Hear how Sherrill House used PointClickCare's Nursing Advantage solution to improve financial health.

[Watch Video](#)

## Increase Margins, Reduce Costs, and Optimize Revenue With Integrated Solutions

To achieve financial sustainability in this unpredictable environment, SNFs are integrating smarter, more connected technologies through their electronic health records (EHRs). A connected network enhances care quality and analytics by providing real-time data and ensuring the necessary insights for compliance. Ease of integration is key, enabling facilities to:

- Streamline administrative workflows within the EHR
- Enhance care coordination with enhanced visibility into clinical data
- Support better after-hours care and decision-making through telehealth services
- Deploy artificial intelligence (AI) and machine learning (ML) solutions for data-driven clinical, financial, and operational analytics
- Capture the necessary details for proper reimbursement
- Maintain compliance with state and federal regulations
- Leverage advanced analytics to forecast future costs and identify potential savings



### PointClickCare's EHR for SNF

To facilitate these functionalities, PointClickCare's EHR platform offers a fully integrated, secure solution to improve care transitions throughout the patient journey, empowering care teams and maximizing clinical and financial outcomes. The EHR can create an accurate, holistic financial view of your organization, streamlining billing, accounts receivable, collections, and claims operations to maximize revenue.

The EHR for SNF includes functionality to manage revenue cycle operations, clinical documentation, transitions and operations, and order management across SNFs. Accelerate the value of the EHR by enabling additional workflows to support after-hours care, advanced insights, or documentation and reporting to transform care delivery and optimize financial health.



## Telemedicine

Telemedicine enables virtual care delivery to provide after-hours care and support decision-making, ensuring ongoing compliance with care protocols. Benefits include:

- Reduced likelihood of ED visits and readmissions
- Increased regulatory compliance
- Reduced costs and penalties

A telemedicine technology that integrates directly into the facility EHR further streamlines workflows and enhances the capture of necessary patient insights, improving the overall management of patient care, as well as the satisfaction and retention of both residents and staff.



### Virtual Health

Tackles staffing shortages and facilitates after-hours care with remote physician access, ensuring high-quality care and reducing unnecessary, costly hospitalizations. Seamlessly integrating into the EHR, it captures accurate patient insights for improved care collaboration and smoother transitions.

# Business Intelligence and Analytics Solutions

Advanced analytics functionalities offer comprehensive visibility into clinical, financial, and operational metrics. Benefits include:

- Enhanced patient care quality
- Higher reimbursements through informed, data-driven decisions
- Optimized resource allocation through trend identification and outcome prediction

Demonstrate value by providing clear evidence of outcomes and efficiency. By leveraging these insights, facilities can negotiate better rates and form more strategic partnerships with insurers and other stakeholders, strengthening organizational reputation and financial stability.

## Products to Ensure Accurate Documentation and Compliance

Functionality that aids in capturing the necessary diagnosis and care details are essential for proper reimbursement. Benefits include:

- Improved patient condition and treatment documentation
- Increased billing and compensation accuracy

By ensuring accurate documentation, these solutions can support VBC models, leveraging precise records that directly contribute to evaluating patient outcomes and overall care efficiency. In addition to improving reimbursements, these products support compliance with state and federal regulations and mitigate costly penalties.



### PDPM Coach and Nursing Advantage

PointClickCare offers PDPM Coach and Nursing Advantage to facilitate precise disease diagnosis and care planning, ensuring that SNFs can accurately document services and bill for the appropriate reimbursement levels under PDPM. These products promote consistent, high-quality care and assist in training staff on complex coding requirements and care pathways, helping to maintain compliance and optimize financial outcomes.





## Data-Driven Solutions

PointClickCare analytics offerings include a comprehensive suite of dashboards, solutions, and insights designed to enhance informed decision-making and improve outcomes.



### Performance Insights

Assists SNFs in improving financial performance and operational efficiency. It provides valuable understanding and adaptation strategies for payment model changes while ensuring accurate documentation and compliance.



### Market Insights

Empowers SNFs to strengthen their market position through data-driven negotiation of better rates and partnerships. It facilitates the understanding of competitive benchmarks and the establishment of strategic priorities.

## Improve Financial Health With PointClickCare

The skilled nursing industry faces numerous challenges in achieving financial sustainability. Overcoming these challenges requires strategic solutions for long-term success. Moving toward data-driven technology is key for SNFs to optimize revenue related to quality, reimbursements, and compliance. PointClickCare offers technologies that support actionable insights and advanced analytics, ensuring that SNFs can navigate financial complexities effectively and continue to deliver exceptional care.

### Ready to Improve Your Financial Health?

PointClickCare offers the solutions your facility requires to improve operational efficiency, enhance care quality, and achieve higher reimbursements while maintaining regulatory compliance.

[Get Started](#)

## PointClickCare®

North America's Most Comprehensive Care Collaboration Network

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PointClickCare is a leading healthcare technology platform enabling meaningful care collaboration and real-time patient insights.

For more information, please visit [www.pointclickcare.com](http://www.pointclickcare.com)