

Nursing Homes & Long-Term Care Facilities

9.7.2020

NAICS CODES: 623

SIC CODES: 8051, 8052, 8059, 8361

Industry Overview

Companies in this industry provide long-term skilled nursing care, other types of care, and social services in residential facilities. Major US companies include Brookdale Senior Living, Genesis Healthcare, and Golden Living (owned by GGNHC Holdings), all based in the US, along with Bupa (UK), Extendicare (Canada), Korian (France), and Orpea (France).

The proportion of people over 60 is expected to grow from 12% to 22% of the world's population between 2015 and 2050, according to the World Health Organization. While the number of nursing facilities varies by region, a growing number of countries -- particularly those with some form of national health insurance -- are experiencing an increase in demand for long-term care options for their aging and infirm citizens.

The US nursing homes and long-term care facilities industry includes about 89,000 establishments (single-location companies and branches of multi-location companies) with combined annual revenue of about \$250 billion.

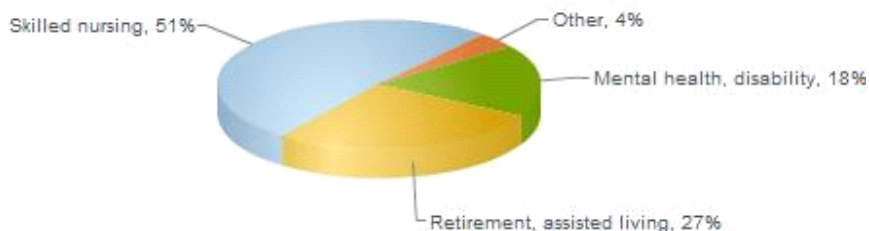
Competitive Landscape

Demand for long-term care services is strong due to rapidly aging populations in the US and other developed nations. However, the profitability of individual nursing facilities depends heavily on efficient operations, as revenue per patient is largely controlled by government insurance programs such as Medicare and Medicaid. Many companies are struggling with low reimbursements and the shift toward outpatient care. Large companies have some economies of scale in administration and purchasing, but small operators can compete effectively by offering better service. The US industry is fragmented: the 50 largest companies account for about 20% of revenue.

Products, Operations & Technology

The industry includes **skilled nursing** facilities for recovery from acute or chronic medical conditions (about half of US revenue), retirement and assisted living centers (about 25%), residential mental health and disability facilities (about 20%), and various types of group home and community care arrangements.

Revenue by Service - US Census Bureau (2017)



Nursing homes typically care for patients recovering from major medical procedures and older patients with chronic disabilities and deteriorating mental and physical capacities. A wide array of health care and dependent-care services are provided including 24-hour nursing care; physical therapy; help with activities of daily living (ADL) such as bathing, eating, and dressing; housekeeping; food service; personal services; and leisure activities.

Continuing care retirement and **assisted living** communities help residents with daily tasks such as meals, housekeeping, and social activities. Some facilities provide limited on-site nursing care. Residential **mental health** and **disability** centers provide medical treatment, supervision, and counseling for those with intellectual or developmental disabilities, psychiatric conditions, or substance abuse illnesses. **Community care** facilities include community-based residential facilities where small groups of individuals live and receive care, including child foster homes, halfway houses, and group homes for the disabled.

As of mid-2019, occupancy rates for US nursing homes and community care facilities were 88%, about the same as in 2018, according to the National Investment Center for the Seniors Housing & Care industry.

Nursing care facilities often contract services from other health care providers to broaden their range of offerings without incurring added labor and equipment costs. Providers include pharmacies, medical directors, rehabilitation care, hospice care services, and a variety of medical specialists such as dentists, podiatrists, therapists, psychiatrists, and ophthalmologists. Large facilities and chains are more likely to contract with outside health care providers than are small independent facilities. Some large facility chains provide contract services to independent nursing homes.

Technology

Nursing home information technology uses include administration, patient admission and monitoring, care management, and family communication. Correct application of technology and compliance with federal regulations have become increasingly complex and increasingly important to nursing home operations. Electronic medication administration records (eMARs) improve pharmacy management processes and increase safety by reducing dosage errors.

Health reform legislation encourages the use of electronic health records (EHRs) in medical facilities to facilitate information sharing, increase efficiency, improve billing models, and reduce costs. EHRs improve communication between nursing home staff and remote medical professionals and allow providers to better coordinate a resident's care.

Other technologies used by nursing homes include medical equipment, patient monitors, emergency call systems, and security and fire systems. Community living centers implement remote monitoring and telehealth systems that allow residents to communicate with or transmit data to care professionals. Some centers have adopted sensor technology through room activity trackers, wearable fitness bands, and other devices to improve patient monitoring and increase efficiencies.

Sales & Marketing

Through sales staff, nursing facilities market their services to **health insurers**, **hospitals**, individual **doctors** in fields like surgery and gerontology that are likely to need long-term care for their patients, **local agencies** for the aging, **social workers**, and **financial planners** serving aged clients. Like other health care providers, nursing care companies often enter into contracts with insurers to provide care at specified rates for members.

Marketing for most assisted living and residential care facilities is aimed at individuals and family members.

Advertising includes web sites; direct mailings; print; billboards; call centers; and public events such as open houses, health fairs, and community outreach events.

High-end residential care facilities market to the affluent. These properties depend less on Medicare, Medicaid, and private insurance and tend to have lower but more profitable growth. Many provide various levels of care ranging from subacute nursing facilities to retirement communities with nursing-support services.

Finance & Regulation

The US nursing home industry receives more than half of its revenue from Medicare and Medicaid reimbursements. **Medicare** generally covers only medical care but not assisted living or community care, and only covers up to 100 days of skilled nursing care for recently hospitalized patients. **Medicaid** pays for certain health services and nursing home care for older people with low incomes and limited assets; many Medicaid programs (which vary from state to state) cover long-term care services costs. Companies typically apply to qualify for Medicare and Medicaid programs. The median cost per day to US consumers for skilled nursing care in 2019 was about \$247, up 5% over 2017, according to Genworth Financial.

Nursing homes are **labor-intensive**: average annual revenue per worker in the US is about \$75,000. The industry depends on RNs, LPNs, and nursing aides. Salaries and wages, although typically low, usually amount to at least 50% of revenue. About 55% of US nursing homes are for-profit entities.

Nursing homes need capital mainly for land purchases and building construction. Constructing or remodeling buildings for nursing home use is costly, due to special design features. Land is frequently expensive, because many potential customers wish to be in desirable urban or suburban locations. Factors impacting **new facility construction** include market demographics, demand, and competition; zoning, permitting, and codes; service licenses or certifications; and financing. **Acquisition** is a common way for nursing facilities to expand without incurring the construction, staffing, and marketing costs required to occupy a new facility.

Working Capital Turnover by Company Size

The working capital turnover ratio, also known as working capital to sales, is a measure of how efficiently a company uses its capital to generate sales. Companies should be compared to others in their industry.



Financial industry data provided by MicroBilt Corporation collected from 32 different data sources and represents financial performance of over 4.5 million privately held businesses and detailed industry financial benchmarks of companies in over 900 industries (SIC and NAICS). More data available at www.microbilt.com.

Regulation

Nursing homes are **regulated** by state and local governments, and by the federal Centers for Medicare & Medicaid Services (CMS) if they accept Medicare or Medicaid payments. In most states, new nursing facilities must qualify for a **Certificate of Need (CON)** to prevent excess building. An administrator must have a state license, and additional certification is required to qualify for Medicare and Medicaid reimbursements. Reimbursement rates, record-keeping

procedures, and various anti-fraud practices are required under a number of federal laws related to health care. In addition, under the federal Nursing Home Resident Protection Amendments of 1999, a nursing home must continue providing care for Medicaid patients even if it withdraws from the Medicaid program.

US health care reform legislation including the **Affordable Care Act (ACA)** includes provisions aimed at reducing reimbursements for skilled nursing facilities and improving nursing home quality, transparency, and safety. To comply with new requirements, nursing homes are updating their processes for capturing and reporting data on payroll, financial interests, staff training and capabilities, and other aspects of operations. Nursing facilities must also comply with federal laws governing fraudulent billing or referral payment practices, including the False Claims Act and the Anti-Kickback Law.

Nursing facilities are subject to inspections by government authorities to assess regulatory compliance. If non-compliant, regulators may give a facility an opportunity to correct deficiencies, issue a conditional license, suspend or revoke a license or certification, impose fines and other sanctions, or deny new patient admissions.

International Insights

The proportion of people over 60 -- an indicator of demand for long-term care services -- is expected to grow from 12% to 22% of the world's population between 2015 and 2050, according to the World Health Organization. Aging populations are growing in nearly every country due to increased life expectancy and lower fertility rates. Developing countries such as Brazil, China, and India are experiencing the fastest rates of aging. Major providers based outside the US include Bupa (UK), Extendicare (Canada), Korian (France), and Orpea (France).

The percentage of elderly living in nursing homes varies from country to country. Nursing care needs are greater in low-income countries where health conditions are poor, with families providing the bulk of care for elderly relatives needing living assistance. In high-income countries, care is shifting away from institutional settings toward community care settings including home-based, group home, and daytime care.

Financing long-term care for the elderly and disabled is one of the most pressing issues for countries rich and poor. In Germany, Japan, Luxembourg, the Netherlands, and South Korea, citizens are required to pay into a **long-term care insurance fund**. In other places the country's national health care system pays for some care. In Canada, residential care facilities are not covered under the Canada Health Act, but provincial health insurance plans and social assistance cover some of the costs. **Government spending** on long-term care as a percentage of GDP varies by country. Among high-income countries, the Netherlands, Sweden, Norway, and Denmark have the highest rates of government support for long-term care, according to the Organisation for Economic Co-operation and Development (OECD).

The aging populations in Europe and Asia are straining health care and social safety nets in many countries. **Falling birthrates** have compounded the issue in some nations, as fewer workers pay into the system. In OECD countries, the share of the population over 65 is expected to increase from an average of 17% in 2015 to 28% in 2050. The proportion will be highest -- nearly 40% -- in Japan, Spain, Portugal, Greece, and South Korea.

In China, the one-child policy has made it harder for grown children to care for their elderly parents, as has been traditional. The percentage of citizens over age 65 in China is expected to exceed 25% in 2050, tripling from 2015 levels. To address a shortage, the government is open to international development of senior care facilities. Singapore is also experiencing strong demand for investment in senior care resources.

Elder abuse is also a significant problem worldwide, according to the WHO. About one in six people 60 years or older experience some form of abuse each year, including psychological and physical abuse, and rates may be higher in institutional settings. Instance figures are likely underestimated, as many cases go unreported, and data on the extent of the problem is limited, especially in developing countries with minimal regulations. Older people are often afraid to report abuse to family, friends, or to the authorities.

Regional Highlights

In the US, nursing homes are subject to different reimbursements under state Medicaid programs and different liability laws, which affect insurance premiums. As a result, profitability can vary widely from state to state.

States with the most nursing home establishments include California, New York, Texas, and Pennsylvania. Demand for nursing home services is driven by the aging of the population, which varies sharply from state to state. The US population 65 and older is expected to increase by about 49% between 2016 and 2030, compared to a 10% increase in the population as a whole.

Human Resources

Nursing assistants and aides make up the majority of employees in US nursing homes (about 65%) and continuing

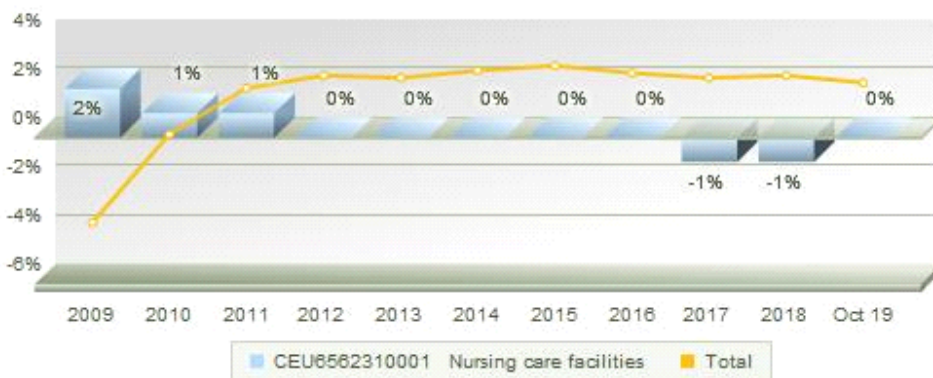
care facilities (nearly 85%), according to the Centers for Disease Control (CDC). Other employees include registered nurses (RNs), licensed vocational nurses, (LVNs), licensed practical nurses (LPNs), social workers, and activities coordinators. Although supervisory jobs may be held by skilled nurses, most workers are aides with little special education or training. Nurses and aides typically receive lower pay than they would in an acute-care hospital. Overall, average hourly industry **wages** are moderately lower than the US average.

Adequate staffing is often a major problem, because of the labor-intensive nature of nursing care, the industry's low wages, and shortages of qualified personnel in some regions. Annual personnel turnover can be quite high for both administrators and aides. High turnover results in near constant training of new workers, which is costly. Nonprofit nursing homes tend to have higher staffing levels and lower turnover than for-profit. Administrators of for-profit homes are under increased pressure to turn a profit, leading to turnover at the top.

Facilities may employ unionized nurses and support workers, resulting in periodic labor and wage negotiations.

The nursing and residential care industry's annual injury and illness rate is more than double the national average. Nursing aides, orderlies, and attendants are most at risk from injury due to lifting patients and working closely with mentally ill or violent patients.

Industry Employment Growth Bureau of Labor Statistics



Average Hourly Earnings & Annual Wage Increase Bureau of Labor Statistics



Industry Growth Rating



Demand: Grows with aging baby boomer population
 Efficient use of labor required
 Risk: Insurers limit payments

Quarterly Industry Update

9.7.2020

Trend: Community Spread Led Covid-19 Cases to Spike in Nursing Homes - Nursing homes in the U.S. have experienced an alarming spike in new COVID cases due to community spread among the general population. According to recent data recently released from the Centers for Medicare & Medicaid Services, COVID cases in nursing homes significantly increased last month after having dropped significantly throughout the month of June. Several experts have reported that among the top factor in outbreaks in nursing homes is the surrounding community. COVID-related deaths in nursing homes had dropped significantly, but have started to uptick again in recent weeks. Meanwhile, nursing homes are still facing significant PPE supply shortages especially for N95 masks and gowns. Thus, AHCA/NCAL calls on public health officials to take speedy steps to safeguard nursing homes and assisted living communities especially in areas with significant uptick in new COVID cases.

Industry Impact - The continuous rise of Covid-19 cases can have an adverse impact in the financial condition of nursing homes. They are actively managing their financial position, ensuring that they continue to invest in organic growth in their chosen markets, in technology capabilities and operational resilience.

5.27.2020

Challenge: Nursing Homes Struggle to Reduce COVID-19 Rates - Nursing homes have accounted for a large portion of COVID-19 cases and deaths in the US and abroad, and the pandemic is causing many operational, financial, and legal difficulties for long-term care companies. In the US, an estimated 35,000 deaths out of nearly 100,000 total deaths have occurred at long-term care facilities, according to Kaiser Family Foundation data. Nursing homes are struggling to maintain staffing levels, enact strict sanitation and testing policies, and acquire sufficient protective equipment for staff members. Facilities are also experiencing declining occupancy levels as they limit admissions; some facilities are not taking new surgical recovery patients, while others experiencing COVID-19 cases have stopped new enrollments altogether, according to The Wall Street Journal. The high cost of preventative measures combined with lower patient revenue is impacting companies' finances, though many have received federal stimulus funds to help them maintain operations. Nursing homes are also facing some patient lawsuits and state inquiries over COVID-19 deaths, though some states have recently enacted extra liability protections for health care providers.

Industry Impact - Nursing home operators are struggling with the impacts of high COVID-19 cases. Many are facing increased costs and lower income levels, which may impact long-term finances and put some nursing homes out of business.

11.11.2019

Challenge: Nursing Homes Brace for New Medicare Requirements - Nursing home operators are scrambling to prepare for the implementation of new Medicare and Medicaid participation rules. Slated to take effect in November 2019, Phase 3 of the Requirements of Participation overhaul -- part of the Centers for Medicare and Medicaid Services' program to lower costs and improve oversight of long-term care facilities -- includes new governance on infection prevention, staff competency, and trauma-informed care. Specific requirements include the employment of an infection preventionist at each facility, improved employee training programs, and better monitoring of trauma patients. Some industry organizations are calling for a delay in enforcement of the provisions, citing a lack of detailed guidance from the CMS. Several additional provisions, primarily related to compliance and ethics rules and the Quality Assurance Performance Improvement (QAPI) program, received a one-year delay earlier this year.

Industry Impact - New government regulations related to safety improvements and reporting requirements are typically costly for nursing home operators, potentially requiring capital or IT system investments or staffing enhancements.

5.20.2019

Trend: States Explore Long-Term Care Insurance Supplementation - Washington is the first US state to pass a publicly funded long-term care (LTC) insurance program, and others are exploring similar options to help seniors

pay for housing and care. The Washington legislature recently passed a measure that will provide up to \$36,500 to pay for services including nursing home and assisted living costs, home modifications, and personal care aides. The benefits are indexed for inflation and are expected to increase to more than \$88,000 over 30 years. The program is funded through a 0.58% employee wages tax beginning in 2022; taxpayers will save \$3.9 billion in state Medicaid costs by 2052. To qualify, participants must require assistance with at least three predefined daily living activities. The state will pay care providers directly. Hawaii launched a public cash benefit for family caregivers in 2017. Other states considering LTC insurance or financing programs include California, Hawaii, Illinois, Minnesota, and Michigan.

Industry Impact - Long-term care providers often rely on government insurance program payments to cover resident expenses. The addition of state funding could help providers increase occupancy and income levels.

Industry Indicators

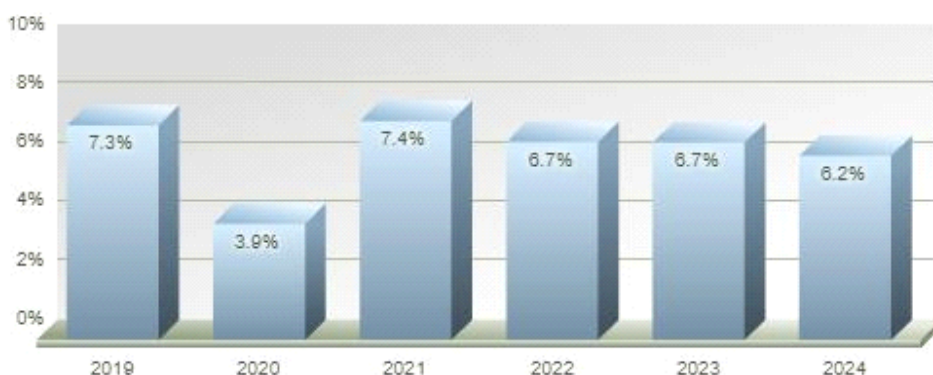
The bank prime loan rate, an indicator of nursing homes' and assisted living communities' cost to finance construction, renovation, and other capital projects, remained at 3.25 percent as of the week of September 10, 2020, unchanged from the same week in 2019.

US personal income, which drives consumer ability to pay for nursing homes and assisted living, rose 8.2 percent in July 2020 compared to the same month in 2019.

Total US revenue for nursing and residential care facilities rose 5.5 percent in the second quarter of 2020 compared to the same period in 2019.

Industry Forecast

US personal consumption expenditures on nursing homes are forecast to grow at an annual compounded rate of 8% between 2020 and 2024. Data Published: July 2020



First Research forecasts are based on INFORUM forecasts that are licensed from the Interindustry Economic Research Fund, Inc. (IERF) in College Park, MD. INFORUM's "interindustry-macro" approach to modeling the economy captures the links between industries and the aggregate economy. [Forecast FAQs](#)

Industry Drivers

Changes in the economic environment that may positively or negatively affect industry growth.

Data provided by First Research analysts and reviewed annually



Consumer Spending Change in overall level of consumer spending on goods and services



Government Regulations Changes in federal, state, or local government regulations or business-related policies

Critical Issues

Health Care Reform - Health care reform efforts have a significant impact on the nursing home industry. In the US, the Affordable Care Act (ACA) not only reduces Medicare and Medicaid funding for nursing homes, but also includes regulations concerning quality, safety, and transparency. Previous federal rules have reduced Medicare and Medicaid reimbursement rates, and a number of other financial reform measures are taking shape at state and federal levels. Nursing home operators have to dedicate resources to meeting new reporting and staffing requirements but can also earn incentive payments for meeting quality goals. In areas of Europe, economic conditions have led to health spending cuts, and some countries are shifting away from institutional elderly care.

High Labor Turnover - Labor-related costs typically make up at least 50% of expenses for nursing facilities. The nursing home industry has always struggled to attract and retain workers because of low pay and difficult work conditions. The annual turnover rate of licensed nursing homes affects all levels of employees, from administrators to aides, and can be higher than 50%. Administrators are under increased pressure at for-profit institutions to make money, leading to high turnover due to job stress and dissatisfaction. General shortages of nurses and other health professionals in many areas of the US can make it even more difficult for facilities to maintain critical staffing levels.

Business Challenges

Consolidation in Managed Care - With the ongoing consolidation of the managed care industry, nursing homes are left with fewer payers to contract with, increasing competitive pressure. MCOs are also reducing fees to lower health care costs, primarily by forming contracts with care providers to obtain services at discounted rates.

Liability for Resident Care, Safety - Lawsuits against nursing homes and other residential care facilities have risen due to incidence of resident neglect, abuse, and fraud. To reduce the risk, many companies are screening potential employees by conducting tougher background checks and increasing staff supervision. Companies also purchase general and professional liability insurance to protect against excessive litigation expenses.

Pressure on Margins - Rapid consolidation in the past decade, as operators built chains to take advantage of favorable reimbursement rates, produced a number of companies with large amounts of debt. With restrictions on reimbursements but higher labor and insurance costs, many nursing home operators have had low profits in recent years or have had losses.

Hospital Readmissions - As health care payment systems shift towards pay-for-performance reimbursements, nursing home operators must work with health networks and insurers to reduce the number of hospital readmissions. Beginning in 2018, nursing home reimbursements from Medicare and Medicaid are impacted by the number of patients who return to the hospital after a nursing home stay.

Housing Oversupply - Nursing home operators are facing an oversupply of capacity due to a construction boom and the growing preference of seniors to remain at home. The senior housing market added nearly 85,000 units from 2013 to 2018, up from 59,000 units added in the previous six-year period, according to data from the National Investment Center for Seniors Housing & Care (NIC). But seniors have remained more independent than anticipated, and senior housing occupancy rates have declined. The glut in supply has impacted the performance of some operators and REITs, while others have continued to invest in new properties as they expect the trend to reverse as the senior population grows.

Business Trends

More Alzheimer's Care - The number of assisted living facilities and nursing homes with dedicated Alzheimer's units continues to increase rapidly. Alzheimer's, which afflicts about 5.8 million people age 65 and older in the US, is expected to afflict nearly 14 million by 2050, according to the Alzheimer's Association. Patients with advanced Alzheimer's require extensive nursing resources and supervision.

Specialized Care for Obese - As an epidemic of obesity grows in the US and other nations, nursing care facilities are experiencing increased demand in care for extremely overweight patients. Once considered a problem mainly in high-income countries, obesity is increasing dramatically in low- and middle-income nations as well, especially in urban settings, according to the WHO. Obese patients often have a complex web of medical conditions. Facilities may need to provide specialized equipment and resources such as larger injection needles and oversize gowns. Staff members are at increased risk for injury when helping to lift or move obese patients. Facilities that care for morbidly obese patients must invest in larger beds and wheelchairs, lifting apparatus, and other equipment designed to support heavier weights.

Growing Home Care Market - Growth in the home health care market is being encouraged by modern technology, population trends, and health reform measures looking to reduce expenditures. While home health providers offer an alternative to nursing homes for aging seniors, nursing home companies could compete effectively by providing ancillary home health services. Nursing home operators could also benefit from telehealth technologies, which allow for remote patient monitoring and physicians consultations in assisted-living centers and in seniors' own homes.

Fewer Nursing Homes - While nursing homes still dominate the industry, their use is on the decline. Despite a rapidly growing senior population, the number of nursing home residents in the US aged 65 and over declined by 9% between 1995 and 2016, according to the CDC. The number of nursing homes declined about 5% due to consolidations and closures. The trend is attributed to growth of continuing care retirement communities (including assisted living centers) and changes in consumer care preferences.

Industry Opportunities

Aging Population - The global population over age 60 is expected to increase from 900 million to 2 billion between 2015 and 2050, raising demand for nursing services. Countries around the world must prepare health and social systems for this demographic shift in order to maximize the health and functional capacity of older people and ensure their social participation and security. Growth in units to provide long-term rehabilitation for stroke and head injury patients or to treat Alzheimer's victims will also increase demand.

Assisted Living Communities - Demand for assisted living, which provides less intense care than nursing homes, is growing rapidly due to a low-cost structure and community atmosphere. Facilities offer rehabilitation, wellness and social services, personal care, transportation, and supplemental services like shopping and banking. The average length of stay for residents of US assisted living facilities is about 22 months, according to the National Center for Assisted Living. As popularity increases, a growing number of services are being covered by government and other insurers. Daily assisted living facilities fees in the US average around \$133, compared to \$247 for nursing homes, according to Genworth Financial.

Continuing Care Communities - The popularity of continuing care retirement communities (CCRCs) is rising. These complexes typically offer housing for seniors requiring little or no medical supervision to live independently, as well as an onsite assisted living center with moderate nursing care, and a nursing home providing extensive medical care and supervision. The grouping of living arrangements and care allows residents to remain in the community while receiving greater levels of care when required. CCRCs typically charge residents a large entry fee, ranging from \$30,000 to \$1 million, along with monthly payments from \$300 to \$4,500 or higher.

Upscale Amenities - More nursing homes and assisted living centers are adding luxury amenities to improve resident care and satisfaction levels and boost occupancy rates. Facilities are adding features such as bistro and café-style dining, spas, education programs, and technology and fitness resources. High-end facilities look to attract affluent self-pay customers. Facilities catering to seniors with lower incomes are using creative means to enhance affordable housing options.

Financial Information

COMPANY BENCHMARK TRENDS

Quick Ratio by Company Size

The quick ratio, also known as the acid test ratio, measures a company's ability to meet short-term obligations with liquid assets. The higher the ratio, the better; a number below 1 signals financial distress. Use the quick ratio to determine if companies in an industry are typically able to pay off their current liabilities.



Financial industry data provided by MicroBilt Corporation collected from 32 different data sources and represents financial performance of over 4.5 million privately held businesses and detailed industry financial benchmarks of companies in over 900 industries (SIC and NAICS). More data available at www.microbilt.com.

Current Liabilities to Net Worth by Company Size

The ratio of current liabilities to net worth, also called current liabilities to equity, indicates the amount due creditors within a year as a percentage of stockholders' equity in a company. A high ratio (above 80 percent) can indicate trouble.



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COMPANY BENCHMARK INFORMATION

NAICS: 623

Data Period: 2018

Last Update February 2020

Table Data Format

Mean

Company Size	All	Large	Medium	Small
Size by Revenue		Over \$50M	\$5M - \$50M	Under \$5M
Company Count	16343	31	767	15545

Income Statement

Net Sales	100%	100%	100%	100%
Gross Margin	100.0%	100.0%	100.0%	99.9%
Officer Compensation	4.8%	4.6%	4.8%	5.3%
Advertising & Sales	0.4%	0.4%	0.4%	0.4%
Other Operating Expenses	89.6%	89.9%	90.8%	88.0%
Operating Expenses	94.7%	94.9%	96.0%	93.6%
Operating Income	5.2%	5.1%	4.1%	6.3%
Net Income	1.9%	2.0%	1.4%	1.9%

Balance Sheet

Cash	10.4%	9.2%	13.4%	10.0%
Accounts Receivable	10.4%	12.5%	12.2%	8.2%
Inventory	0.3%	0.3%	0.4%	0.3%
Total Current Assets	24.3%	25.9%	28.8%	21.4%
Property, Plant & Equipment	62.2%	58.1%	58.6%	66.4%
Other Non-Current Assets	13.6%	16.1%	12.6%	12.3%
Total Assets	100.0%	100.0%	100.0%	100.0%
Accounts Payable	2.5%	2.6%	2.8%	2.3%
Total Current Liabilities	19.4%	18.8%	20.7%	19.3%
Total Long Term Liabilities	35.9%	36.1%	33.6%	36.7%
Net Worth	44.7%	45.1%	45.7%	44.1%

Financial Ratios

(Click on any ratio for comprehensive definitions)

Quick Ratio	1.10	1.18	1.27	0.97
Current Ratio	1.25	1.37	1.39	1.11
Current Liabilities to Net Worth	43.4%	41.7%	45.3%	43.8%
Current Liabilities to Inventory	x62.64	x62.76	x49.31	x68.91

Total Debt to Net Worth	x1.24	x1.22	x1.19	x1.27
Fixed Assets to Net Worth	x1.39	x1.29	x1.28	x1.51
Days Accounts Receivable	27	18	34	39
Inventory Turnover	x0.14	x0.00	x0.00	x0.33
Total Assets to Sales	70.4%	40.4%	78.4%	129.9%
Working Capital to Sales	3.4%	2.8%	6.3%	2.7%
Accounts Payable to Sales	1.7%	1.0%	2.1%	3.0%
Pre-Tax Return on Sales	3.1%	3.3%	2.3%	3.1%
Pre-Tax Return on Assets	4.3%	8.1%	2.9%	2.4%
Pre-Tax Return on Net Worth	9.7%	17.9%	6.4%	5.5%
Interest Coverage	x2.74	x3.60	x2.77	x1.92
EBITDA to Sales	7.4%	7.3%	6.1%	8.2%
Capital Expenditures to Sales	3.1%	2.1%	3.9%	4.6%

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ECONOMIC STATISTICS AND INFORMATION

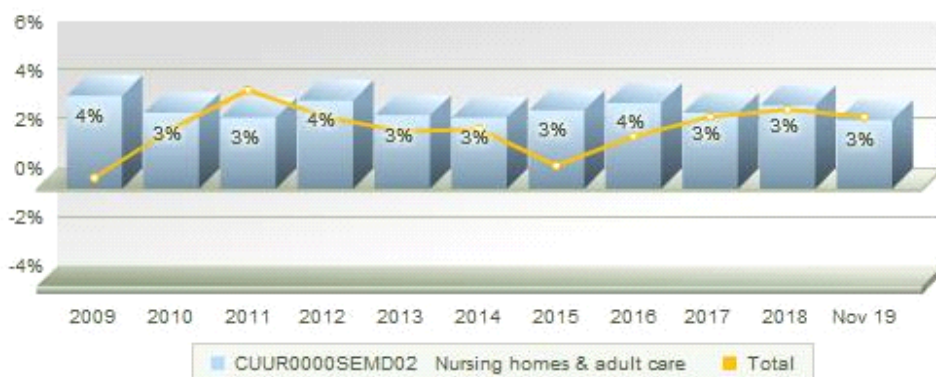
Annual Construction Put into Place - Census Bureau



Change in Producer Prices - Bureau of Labor Statistics



Change in Consumer Prices - Bureau of Labor Statistics



VALUATION MULTIPLES

Nursing Homes & Long-Term Care Facilities

Acquisition multiples below are calculated medians using at least 3 US private industry transactions completed between 1/2008 and 12/2019 and are based on middle-market transactions where the market value of invested capital (the selling price) was less than \$1B. Data updated annually. Last updated: December 2019.

Valuation Multiple	MVIC/Net Sales	MVIC/Gross Profit	MVIC/EBIT	MVIC/EBITDA
Median Value	0.4	0.3	3.5	2.2

MVIC (Market Value of Invested Capital) = Also known as the selling price, the MVIC is the total consideration paid to the seller and includes any cash, notes and/or securities that were used as a form of payment plus any interest-bearing liabilities assumed by the buyer.

Net Sales = Annual Gross Sales, net of returns and discounts allowed, if any.

Gross Profit = Net Sales - Cost of Goods Sold

EBIT = Operating Profit

EBITDA = Operating Profit + Noncash Charges



SOURCE: DealStats (formerly Pratt's Stats), 2019 (Portland, OR: Business Valuation Resources, LLC). Used with permission. DealStats is available at <https://www.bvresources.com/learn/dealstats>

Industry Websites

Administration for Community Living

Aging stats and news.

Alliance for Aging Research

Science news.

American Association for Long-Term Care Insurance

Web site for long-term care insurance products and issues.

American College of Health Care Administrators (ACHCA)

Event and product information, state licensure and certification, public affairs, and links.

American Health Care Association

Facts and figures for long-term care.

LeadingAge

News, events, and social policy around care for the elderly.

Long-Term Facilities-based Care - Health Canada

Industry information.

McKnight's Long Term Care News & Assisted Living

Industry news and reports.

Medicare Nursing Home Compare

Provides detailed information about the past performance of every Medicare and Medicaid certified nursing home in the US.

National Center for Assisted Living

State affiliates, educational resources, consumer information, news, regulatory reviews, and links.

National Investment Center for the Seniors Housing & Care Industry

Quarterly updated information on loan volume and performance, occupancy and move-in rates, construction starts, and capitalization rates for the seniors housing and care industry.

National Study of Long-Term Care Providers

Detailed statistics from the National Center for Health Statistics.

Ontario Long Term Care Association

News, research, resources, and events.

Glossary of Acronyms

ADL - activities of daily living

AHCA - American Health Care Association

CCRC - continuing care retirement communities

CON - certificate of need

CMS - Centers for Medicare & Medicaid Services

LTC - long-term care

PPS - prospective payment system

RCAC - residential care apartment complexes

SNF - skilled nursing facility

