MedPAC confirmed what our profession already knew: Skilled Nursing operates on razor-thin margins.

- MedPAC estimated 2012 overall operating margins at 1.8 percent. This number reflects Medicare, Medicaid and private pay, but it does not take into consideration the two percent sequestration cut.
- Such thin operating margins are not sustainable, particularly for the skilled nursing profession: We are the nation's 10th largest employer and support more than 5.4 million jobs.¹

A series of cuts over the last five years has resulted in little or no margin in the skilled nursing profession.

- Since 2011, the skilled nursing sector incurred two productivity adjustments, the sequester and sequester extensions, reductions in bad debt reimbursement, and a value-based purchasing cut.
- In the Ryan-Murray budget agreement, Congress extended the two percent sequestration cut to Medicare through 2022 and 2023.
- On top of this, providers still have six more years of productivity adjustments that will further erode margins (approx. $15b in additional cuts).

Further reductions to the profession threaten access to care for millions of Americans.

- On any given day, 78 percent of individuals receiving care in a skilled nursing care center rely on Medicare or Medicaid to pay for their care.²
- 3.7 million Americans require our services each year, and that number will continue to grow as Baby Boomers enter retirement age.³

Private entities are reluctant to invest.

- The Wall Street Journal published an article⁴ revealing that many of the nation's largest health care real estate investment trusts (REITs) are pulling away from nursing facilities amid concerns that steep Medicare and Medicaid cuts will render them unstable.

We want to be ready for reforms and new payment models.

- The profession knows new payment models are coming. We are embracing these new policies. Yet cuts to market baskets prevent providers from investing in the necessary building blocks that will help us move to these new payment reforms.

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