SKILLED NURSING FACILITY (SNF) MEDICARE MARKET ANALYSIS
A Step by Step Guide to Using Our Data

The starting point for any marketing plan is to understand your market, your competition and your referral sources—customers. Outlined below is a multi-phase process which takes you through this analysis.

Phase I – Understand Your Competition and Referral Sources

The first step is to determine the catchment/service area for the facility being studied. The competitive landscape, availability/ease of transportation and patient mindset plays a huge role in determining how far loved ones are willing to travel to visit the patient. This can range from just a few miles in a major metropolitan area to as many as 25 miles in a rural setting. Therefore, this area can be defined by a set of zip codes, either defined by the user or by pre-determined mile radius from the facility.

Based on this zip code set, the Medicare Hospital Discharges by Zip Codes Report can be run. The report details the number of discharges each hospital has for Medicare fee-for-service(FFS) beneficiaries living in these zip codes. It is quickly apparent which hospitals are most important from a marketing perspective.

The next step is to take the mile radius which best defines the service area and increase it by 50%. This parameter is then used to run the Medicare SNF Discharges by Zip Code Report. The report shows the total number of annual discharges for each SNF located within the zip code set. The reason for increasing the mile radius is to ensure that SNF's located outside the zip code service area are identified as competitors, when a significant portion of their service area overlaps with that of the primary nursing facility.

If there are several SNF's in a market with common ownership and overlapping service areas, both reports can be produced with unique zip code sets, which best outlines the total referral and competitive landscape of the entire market.

Phase II-Analyze Your Referral Sources

From the Medicare Hospital Discharges by Zip Code Report, the analyst can decide which hospitals he/she wants to study. These reports provide insight into each of these key accounts:

1. Medicare SNF Discharges by DRG Report
2. Medicare Hospital Market Share by SNF Report
3. Medicare Re-Admission/Mortality Rate Report

The Medicare SNF Discharges by DRG Report shows whether or not having longer lengths-of-stay (LOS) discharges is needed, particularly for patients going to skilled nursing facilities. Because the discharge planning process is often organized by clinical area, the report can also enumerate how many discharges a particular discharge planner is responsible for annually. However, the most important opportunity for this data is to help understand market potential for a particular hospital.

The calculation of market potential begins with determining the percentage that the discharges from this hospital, which come from SNF's service area (Medicare Hospital Discharges by Zip Code Report), represent of the total hospital discharges. This percentage is then multiplied by the total number of SNF referrals from this hospital (Medicare SNF Discharges by DRG Report) to derive the maximum potential for this individual account. A final step is to sum the potentials of all accounts in order to determine total market potential.

The Medicare Hospital Market Share by SNF Report compares the market share for a hospital to the service area percentage from a given hospital in order to see how much of its potential it is realizing. If a SNF has 65%+ of its potential, its likelihood of materially further increasing penetration is small, unless something dramatic happen (i.e., a very short preferred provider list is implemented).

A further analysis is taking the market share of each of the competitor SNF's along with the facility being studied on an account by account basis. Sum those share percentages and then calculate your share of the relevant market and that of your competitors. This will tell you who the true competition is. If the hospital has its own sub-acute or rehab nursing beds or facility, you may want to eliminate that captive volume from your analysis, since it is highly unlikely that referral stream can be disrupted.

Phase II-Analyze The Competition
From the Medicare SNF Discharges by Zip Code Report, the analyst can decide which competitors he/she wants to study. A series of reports combine to form a market profile that allows the study of various aspects of the competitors' strategies.

Market Share Reports -These reports show market share amongst the competitors previously identified over the most recent eight quarters available. This trending can show whether a SNF's activity is on the upswing, downslide or staying the same. Differences in market share between the key metrics—discharges, census, days and reimbursements can highlight differences in patient mix and patient management.

Demographic Report- This report portrays the ethnic, gender and age mix of the facilities studied and it also can explain operational and financial outcomes.

Diagnosis Mix Report - This report presents the number of days which have billed based on the patient's primary diagnosis, which usually is the reason for their nursing home stay. One can quickly see how competitors may be attracting more desirable referrals because of their clinical programs and expertise.

Length-of-Stay Report - This report reveals how long patients stay in the facility covered by Medicare. Because of Medicare's favorable reimbursement, it can be highly desirable to have a skew towards longer staying patients.

Discharge Disposition Report – This report displays where patients go upon discharge from the SNF. Of interest can be if a disproportionate number of patients are re-admitted to the hospital or if they are transferred to another skilled nursing facility. The former has taken on importance with hospital re-admissions becoming more scrutinized and the later may be indicative of patient dissatisfaction.

Following this process will enable an organization to get off on the right foot in developing a marketing plan for a particular geography. The results of this analysis will lead to better informed sales efforts and will increase the prospects for success.