

EVALUATING QUALITY

*Five-Star, SFF and Other Things
No One Wants me to Talk About*

Five Key Discussion Points

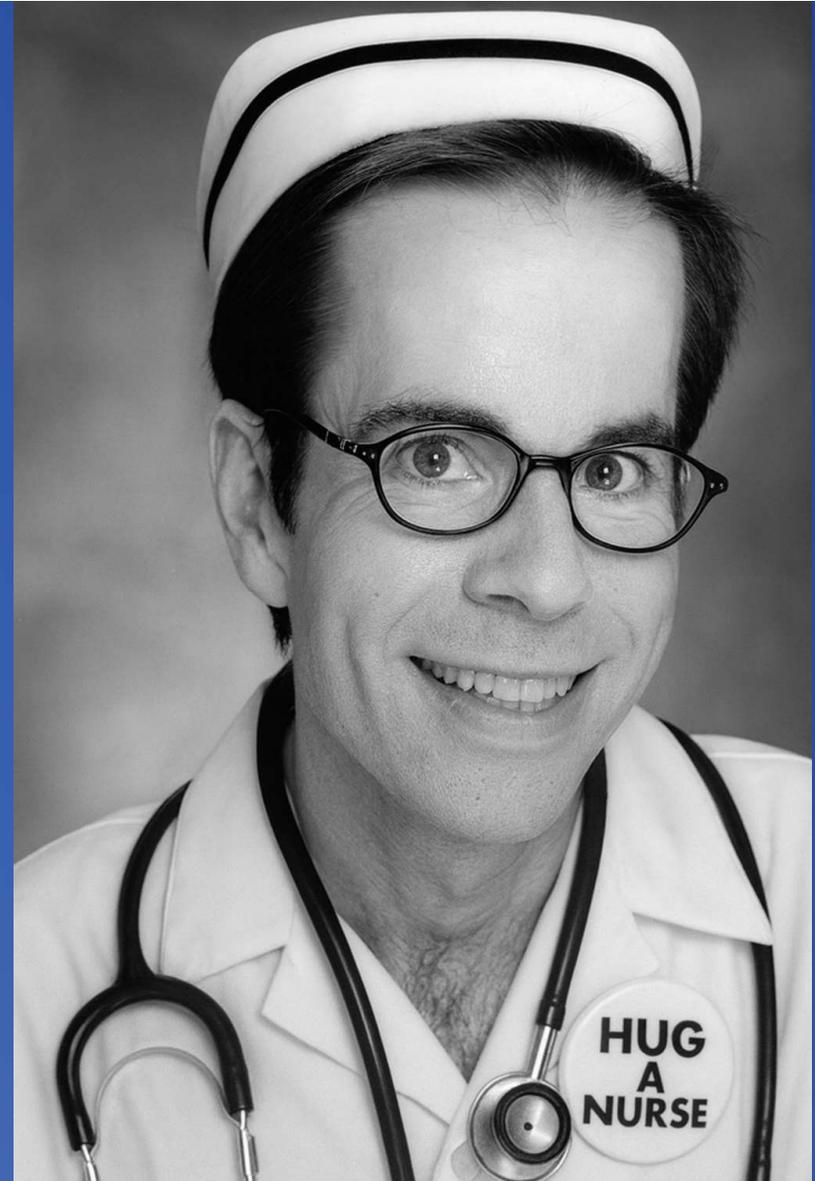
- Five-Star has little to do with quality
- Survey is best predicted by zip code
- State Medicaid reimbursement structure impacts Star Rating
- Choosing the “best comparative benchmark” yields the greatest insights
- SFF Really doesn’t have teeth

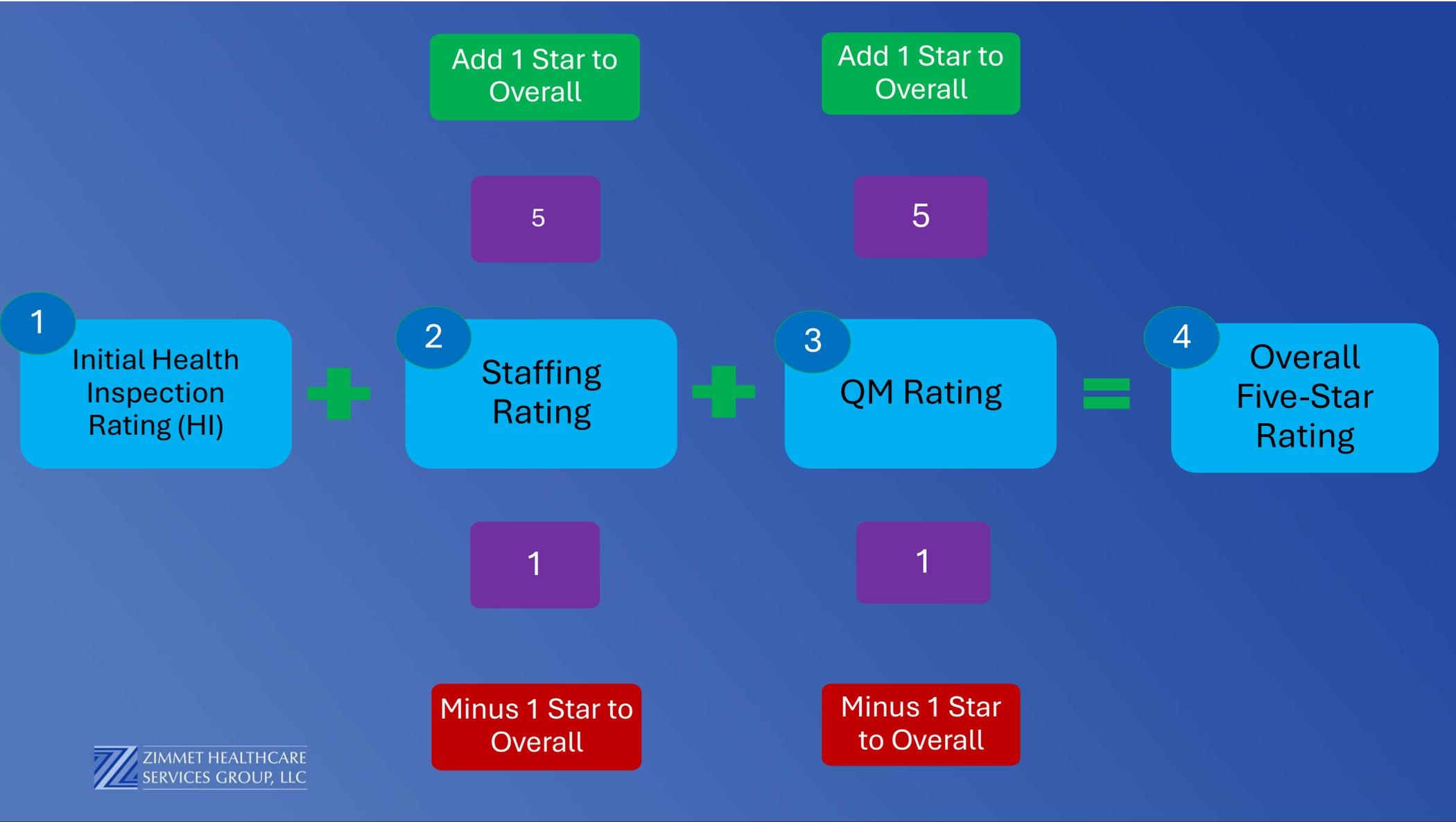


Back to The Future



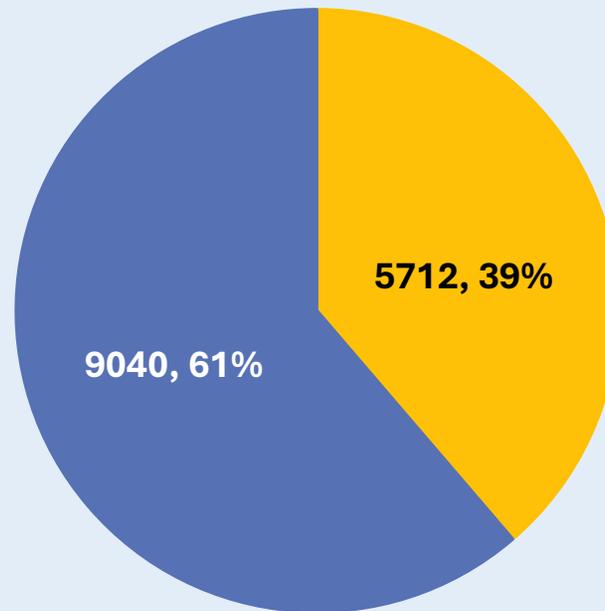
I Was A Young Nurse...





National Five-Star
Equal to Health Inspection

61% of SNFs
Health Inspection
Rating = Overall
Rating

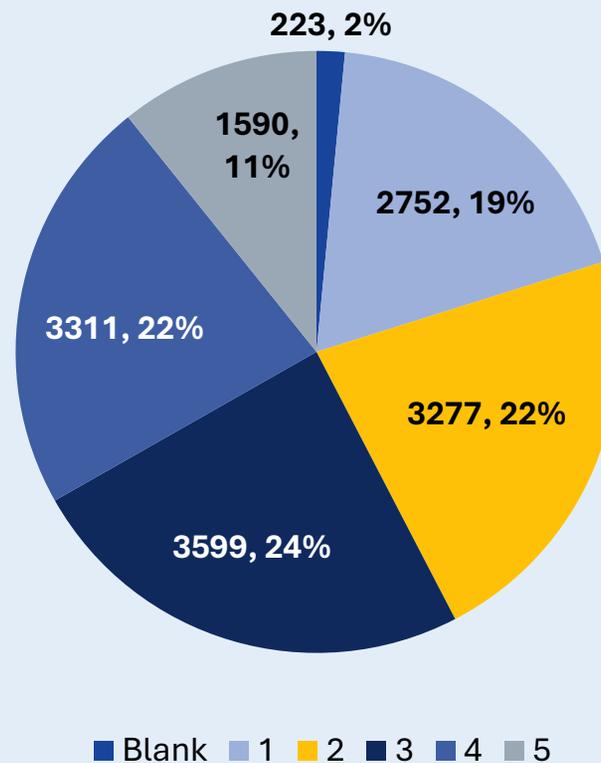


- Overall Rating ≠ Health Inspection
- Overall Rating = Health Inspection

SNFs by Five-Star Staffing Domain

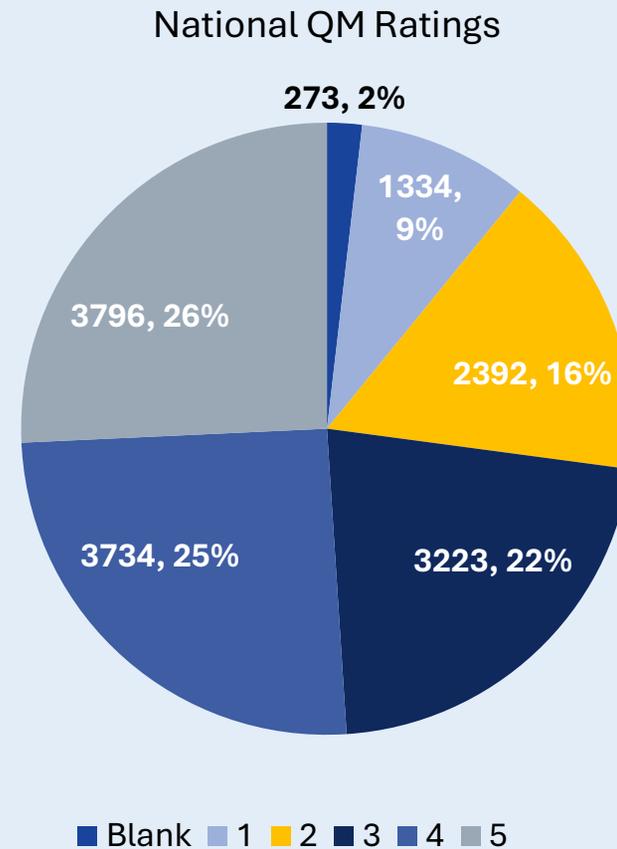
11% gained a star
19% lost a star

National Staffing Ratings



SNFs by Five-Star Quality Domain

26% gained a star
9% lost a star



The Tail Wagging the Dog is Survey



And the Survey Domain has little to no correlation with Staffing or Quality Measure Domains

Let's Take a Pause, Why Does it Matter?

- To Consumers?
- To Referrers?
- To Insurers?
- To Lenders?
- To Attorneys?
- To...NYT?
- To me?



CMS Made it Matter

- Intended Uses

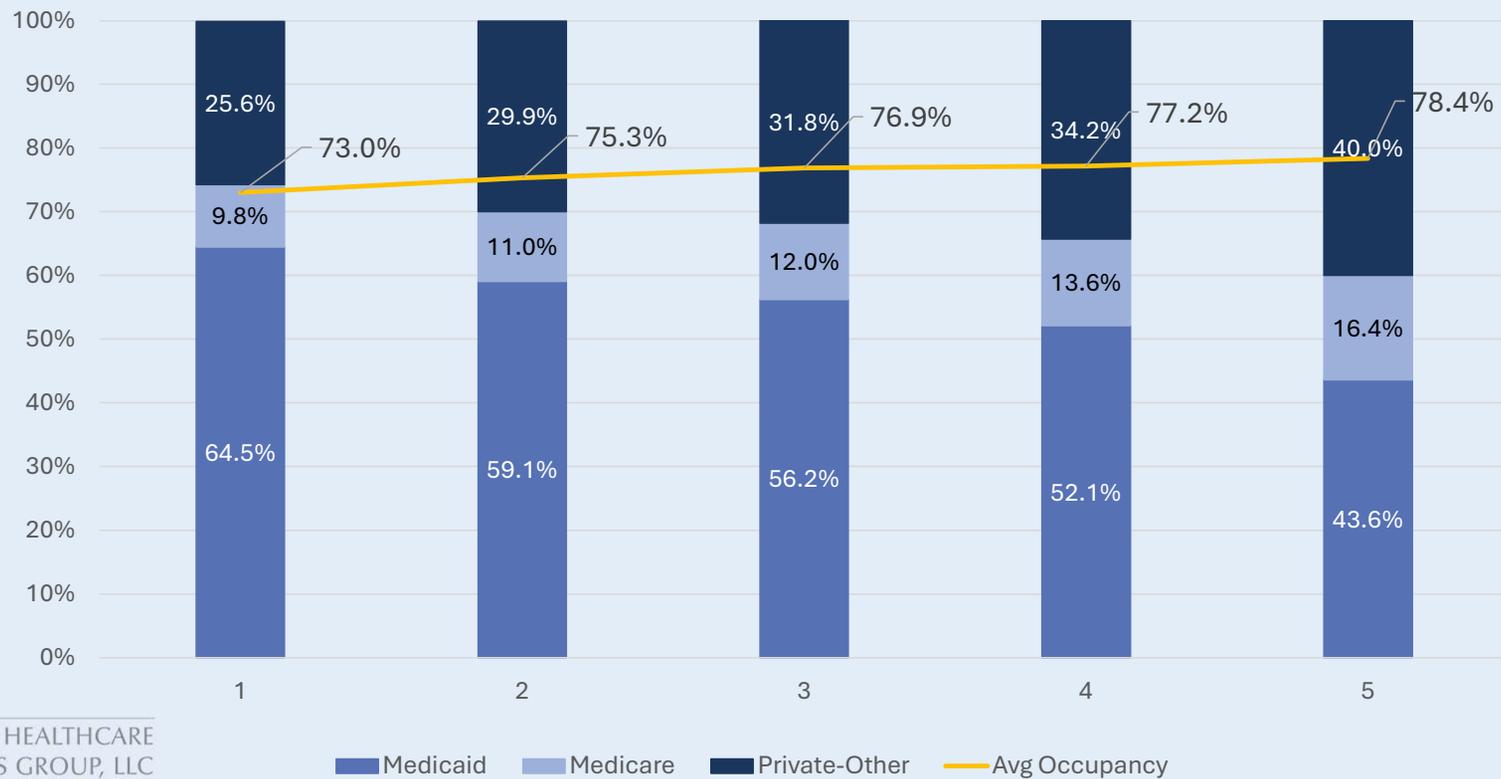
- Consumer placement
- Consumer monitoring of care

CMS has (un)knowingly influenced
SNF Market Valuations & Legal
Exposure

- Unintended Uses

- CMMI: APM
- Lending/HUD
- Commercial Payers/MCOs
- DOJ/OIG
- Plaintiff/Defense attorneys
- REITs
- Media/Politicians

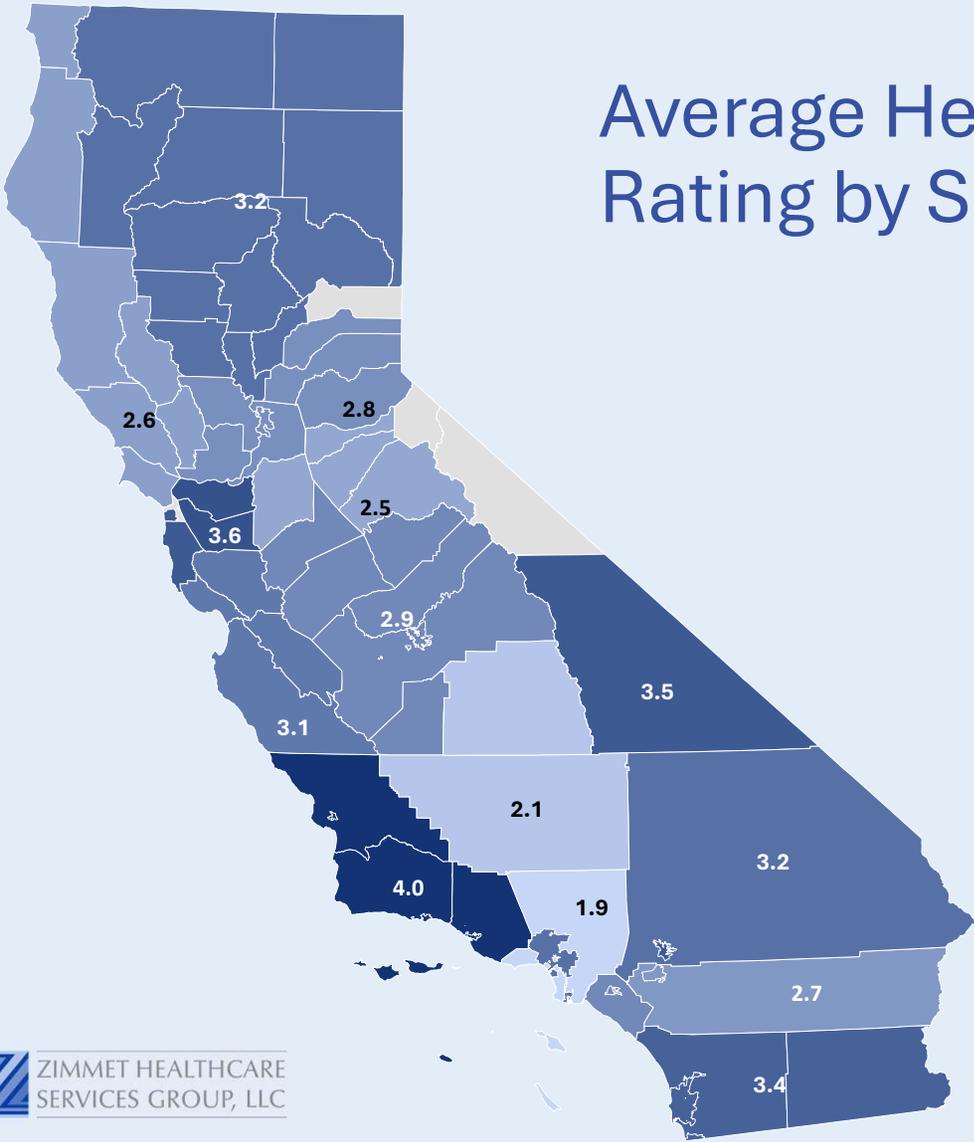
Five-Star is Correlated with Higher Occupancy and “Preferred Payor Mix”: Nation



State Variation in Survey Performance

State	Number of facilities	Health Inspection Score							
		1 star	2 stars		3 stars		4 stars		5 stars
			Upper	Lower	Upper	Lower	Upper	Lower	
Alabama	224	>40.667	≤40.667	>23.333	≤23.333	>14.000	≤14.000	>6.000	≤6.000
Arizona	141	>62.667	≤62.667	>38.667	≤38.667	>22.667	≤22.667	>11.333	≤11.333
California	1,159	>152.000	≤152.000	>98.667	≤98.667	>66.000	≤66.000	>36.667	≤36.667
Florida	692	>82.000	≤82.000	>44.167	≤44.167	>25.333	≤25.333	>9.333	≤9.333
Illinois	673	>198.000	≤198.000	>111.667	≤111.667	>62.500	≤62.500	>30.667	≤30.667
New Hampshire	74	>35.333	≤35.333	>20.667	≤20.667	>14.000	≤14.000	>5.333	≤5.333
Texas	1,171	>145.667	≤145.667	>79.333	≤79.333	>45.333	≤45.333	>22.667	≤22.667
West Virginia	122	>155.667	≤155.667	>99.667	≤99.667	>61.333	≤61.333	>37.333	≤37.333

Average Health Inspection Rating by Survey District



Average of Health Inspection Rating



State	Average Days Between Surveys (county)	Average Days Between Surveys (state)
A	1162.10	916.24
A	714.63	916.24
A	1162.10	916.24
A	806.45	916.24
A	1108.50	916.24
A	1162.10	916.24
A	1162.10	916.24
A	603.83	916.24
A	930.55	916.24
B	580.40	435.82
B	500.19	435.82
B	423.49	435.82
B	560.33	435.82
B	422.48	435.82
B	432.90	435.82
C	439.76	582.96
C	465.91	582.96
C	624.00	582.96
C	624.00	582.96

Days Between Survey: Choose the Right Benchmark

How long will this rating last?

National averages are no use

Every state is different

Every survey team is different

Every county is different

Standard Survey vs. Complaint Survey

What Difference Does this Insight Offer?

State	Survey Rating	County Average	State Average
A	1	2.32	2.75
A	1	1.98	2.75
A	1	2.32	2.75
A	2	3.36	2.75
A	1	2.07	2.75
A	1	2.32	2.75
A	2	2.32	2.75
A	1	1.98	2.75
A	1	2.80	2.75
B	2	1.98	2.90
B	1	2.80	2.90
B	2	2.71	2.90
B	1	1.98	2.90
B	2	2.90	2.90
B	1	3.30	2.90
C	4	2.76	2.77
C	3	3.09	2.77
C	1	2.46	2.77
C	1	2.46	2.77



State	Survey Rating	County Average	State Average
A	1	2.32	2.75
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A	1	2.07	2.75
A	1	2.32	2.75
A	2	2.32	2.75
A	1	1.98	2.75
A	1	2.80	2.75
B	2	1.98	2.90
B	1	2.80	2.90
B	2	2.71	2.90
B	1	1.98	2.90
B	2	2.90	2.90
B	1	3.30	2.90
C	4	2.76	2.77
C	3	3.09	2.77
C	1	2.46	2.77
C	1	2.46	2.77

THE STAFFING DOMAIN

Staffing Case-Mix Adjustment Methodology in Five-Star

- Changes Began July 2024
- PDPM nursing component instead of RUG IV scores
- Acuity/CMI Acuity is quantified in terms of the nursing hours per patient per day each patient received on average based on their MDS assessment

It's All Coming From Payroll Based Journal Data and MDS

Five-Star Staffing Adjustment

- Starts with PBJ reported hours
- Adjusts based upon Nursing CMI
- Uses MDS data to identify census

CMI States	Avg Staff Rating
NY	2.67
PA	3.32
MD	2.96
LA	2.34
Average	2.82
Non-CMI States	Avg Staff Rating
FL	3.30
NJ	2.90
AR	3.12
MI	3.42
CA	3.10
Average	3.17



**THE QUALITY
MEASUREMENT
DOMAIN**



CMI States	Avg Quality Rating
NY	3.72
PA	3.32
MD	3.64
LA	1.98
Average	3.16
Non-CMI States	Avg Quality Rating
FL	3.93
NJ	4.26
AR	3.57
MI	3.62
CA	4.0
Average	3.88

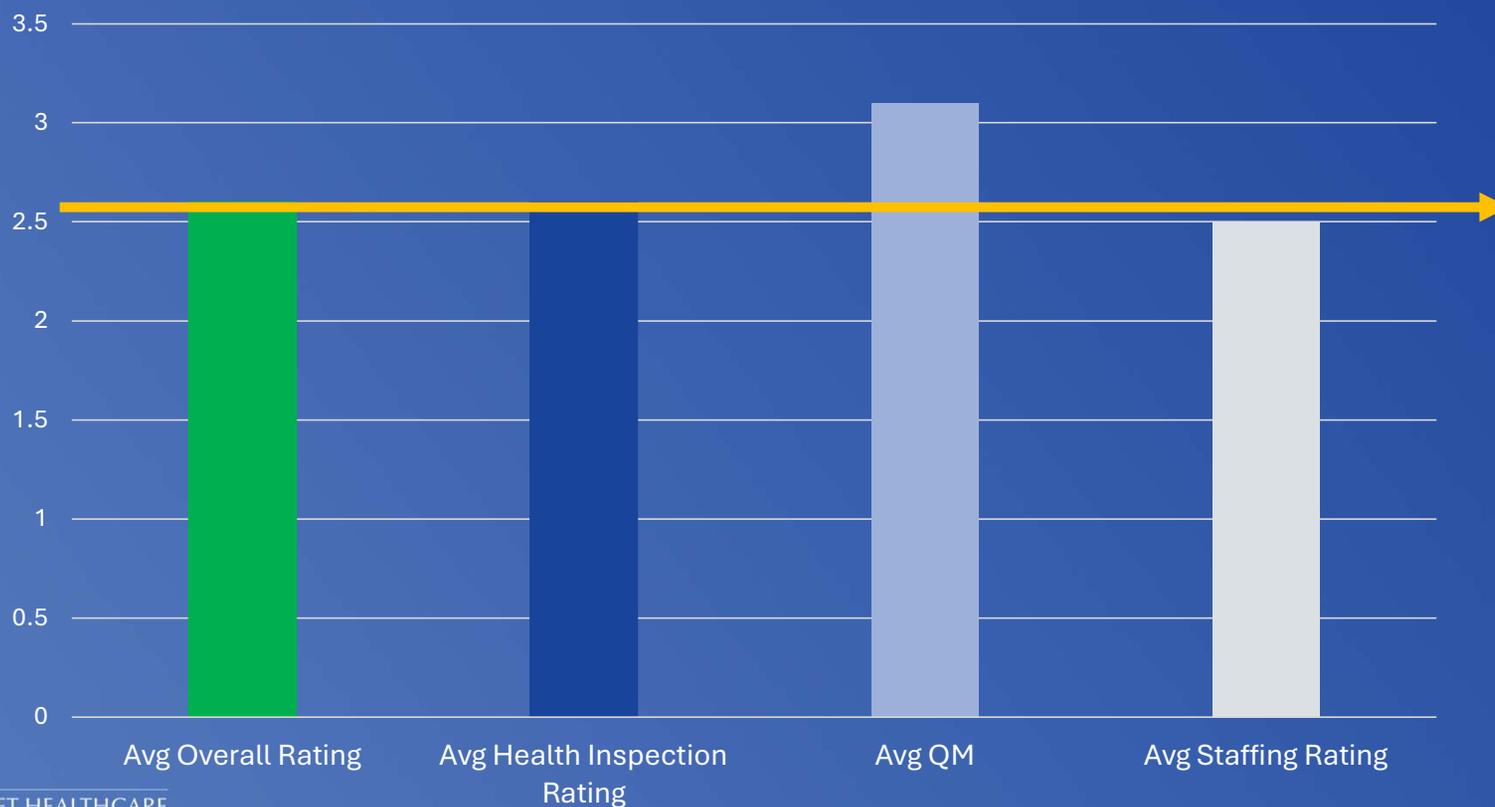
QUALITY MEASURES

	2020	2021	2022	2023	2024	Current Data
Quality (Five Star) Rating	5	5	4	3	2	2
Long-Stay QM Rating	5	4	4	3	1	1
Short-Stay QM Rating	5	5	4	3	3	3
			Current Points	Next Point Level	Next Point Rate Threshold	Required Change in Current Rate
Short-Stay Five-Star QMs (derived from MDS assessments)						
Antipsychotic Meds	100	1.02%	60	80	1.0%	0.1%
Pressure Ulcers/Injuries	100	7.00%	20	40	6.5%	0.5%
Residents at or above expected ability to move around and care for self at discharge	150	51.15%	75	90	56.6%	5.5%
Short-Stay Five-Star QMs (derived from claims data)						
Re-Hospitalization	150	21.47%	75	90	20.9%	-20.9%
Outpatient ED Visit	150	10.37%	75	90	9.3%	1.1%
Return to Home/Community	150	56.65%	105	120	59.8%	3.1%
Short-Stay Total Points	800		410			
Short-Stay Adjustment (1,150/800)	1.4375		589.38			
Long-Stay Five-Star QMs (derived from MDS assessments)						
Activities of Daily Living	150	25.00%	45	60	22.5%	2.6%
Ability to Walk Independently Worsened	150	40.91%	15	30	39.0%	1.9%
Pressure Ulcers	100	8.46%	20	40	8.0%	0.5%
Catheter Left in Resident	100	1.96%	60	80	1.3%	0.7%
Urinary Tract Infection (UTI)	100	3.83%	40	60	2.7%	1.1%
Falls with Major Injury	100	3.42%	60	80	2.5%	1.0%
Antipsych Medications	150	12.25%	90	105	11.4%	0.9%
Long-Stay Five-Star QMs (derived from claims data)						
Hospitalization Rate	150	1.99	30	45	1.99	0.00
Outpatient ED Visits	150	1.37	75	90	1.19	0.18
Long-Stay Total Points	1150		435			

Summary

- The Five-Star System is not going away
- Five-Star is mostly driven by the Health Inspection Domain
- Change will always occur
- Recent changes "front load" your Health Inspection Domain
- Performance on survey is best predicted by zip code
- Using local benchmarks for ALL domains is key
- CMI states have lower Quality ratings
- Typically, the greater the capture of acuity, the lower your Quality ratings, and the greater need for staff
- CMI states tend to have lower Staffing Domain ratings
- Upstream prevention can improve Quality Domain ratings
- "Carry over" QMs and "false positives" negatively impact Quality Measure rating

Average Five-Star Domain Ratings for Terminated Facilities



Distribution of Star Ratings Among Terminated Facilities



High ratings do not grant immunity from operational, regulatory, or financial failure.

Low ratings aren't destiny either, they signal risk, but they don't tell the whole story.

5	61	49	63	70
Blank	26	19	32	43

Does the Special Focus Facility (SFF) Program Matter?

A CMS initiative for improving nursing home quality

What Do the Feds Think?

- CMS 10/21/2022 press release notes the SFF program “has helped many nursing homes improve their compliance and quality,” but wanted more
 - QSO memo (2022) (QSO-23-01-NH) implemented tougher graduation thresholds, progressive sanctions, possible discretionary termination after repeated IJ, and three years of post-graduation monitoring to sustain gains
- GAO found SFF facilities were often improving, but recommended strengthening the program
- HHS-OIG SFF Has Not Yielded Lasting Improvements (10/2025)

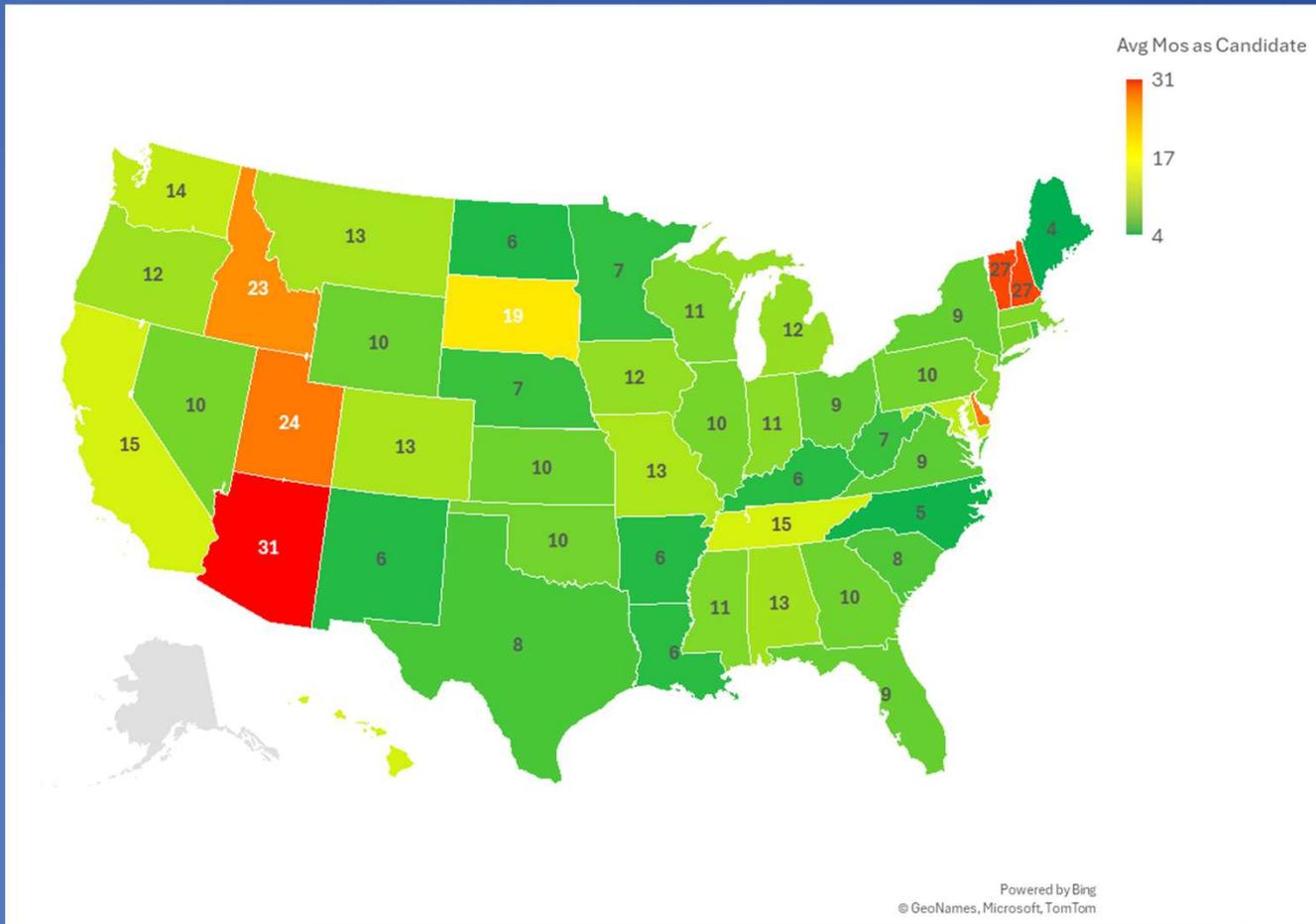
How Facilities Enter the SFF Program

- CMS ranks all facilities based on deficiency scores from inspections and complaint surveys
- Facilities with the highest scores become SFF candidates (5–30 per state) – **this is objective**
- State Agencies select from candidate pool considering factors like staffing – **this is subjective**
- Designated facilities receive intensified scrutiny and enforcement

When Nursing Homes Fail to Improve

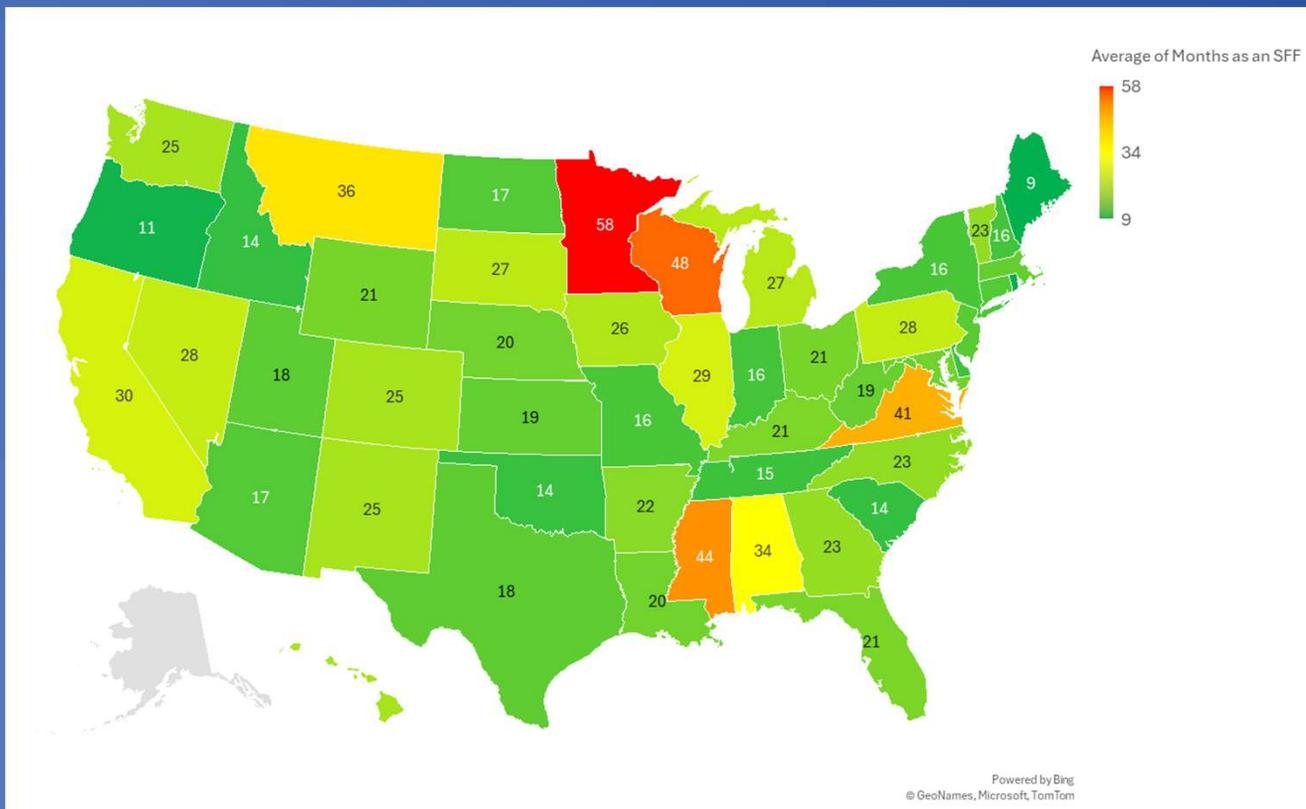
- CMS may terminate Medicare/Medicaid participation for non-improving SFFs
- Triggers include:
 - Immediate Jeopardy citations on 2 surveys
 - Lack of improvement after 18–24 months
 - April 2025: 6 homes exited Medicare/Medicaid; historical estimate 200–400 since 2005
- SFF status is a warning with clear outcomes: improve, graduate, or be removed

Average Months: as an SFF Candidate



CT	10
DE	24
HI	15
MA	10
NJ	11
RI	7

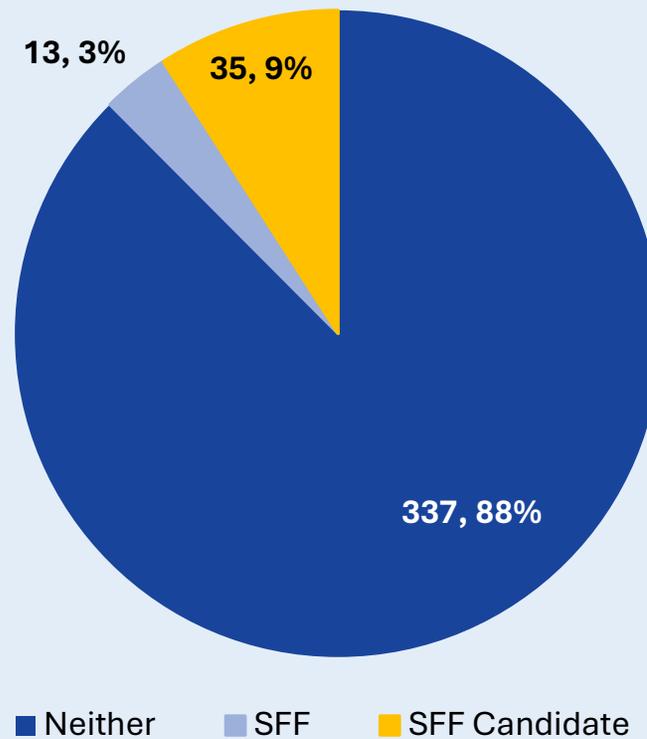
Average Length of Time (months): with SFF Designation Before Graduation



CT	17
DE	15
MA	19
MD	20
NH	16
NJ	18
RI	9
VT	23

Terminated Facilities: Special Focus Status 2022 – 2024

88% of terminated SNFs were not SFF or SFF Candidates



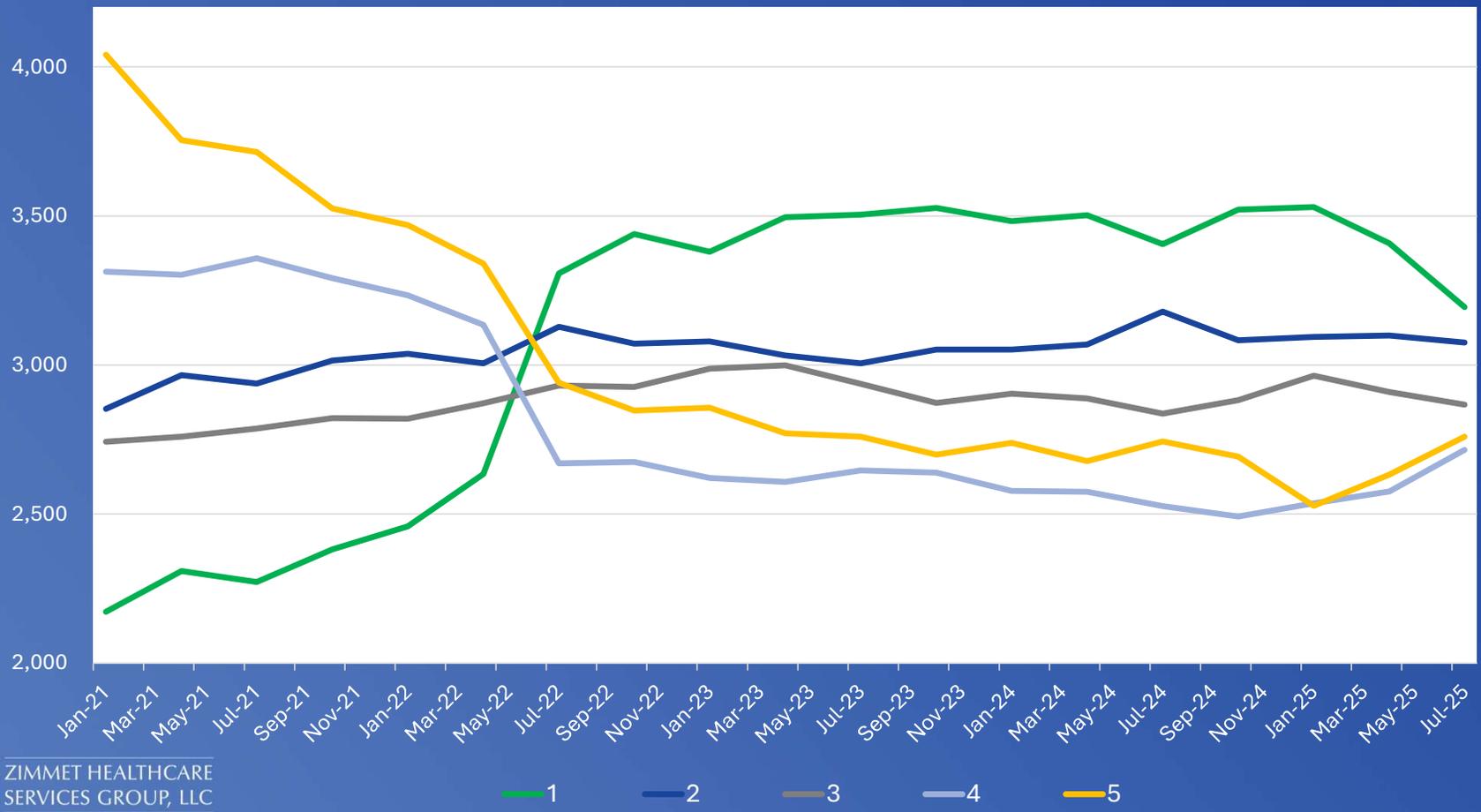
**CHANGE
HAPPENS**

When CMS Dropped Cycle 3 Standard Surveys

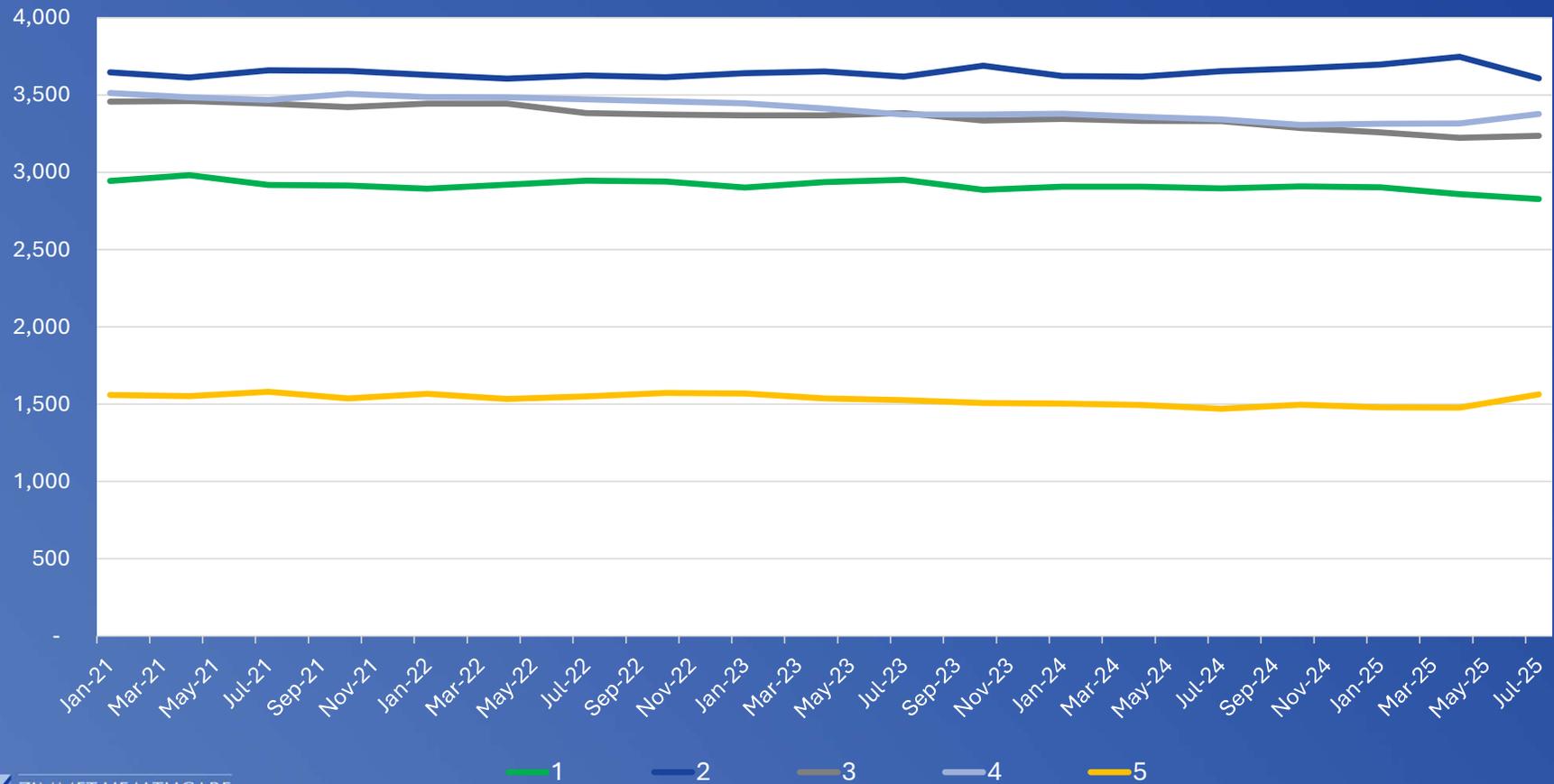
Time Period '25	Beginning Candidates	New to Candidate List	Dropped Candidates	Ending Candidates
March to April	441	46	-40	441
May to June	440	46	-45	440
June to July	440	106	-103	441

Considerable SFF candidate changes related to July 2025 shift in underlying methodology

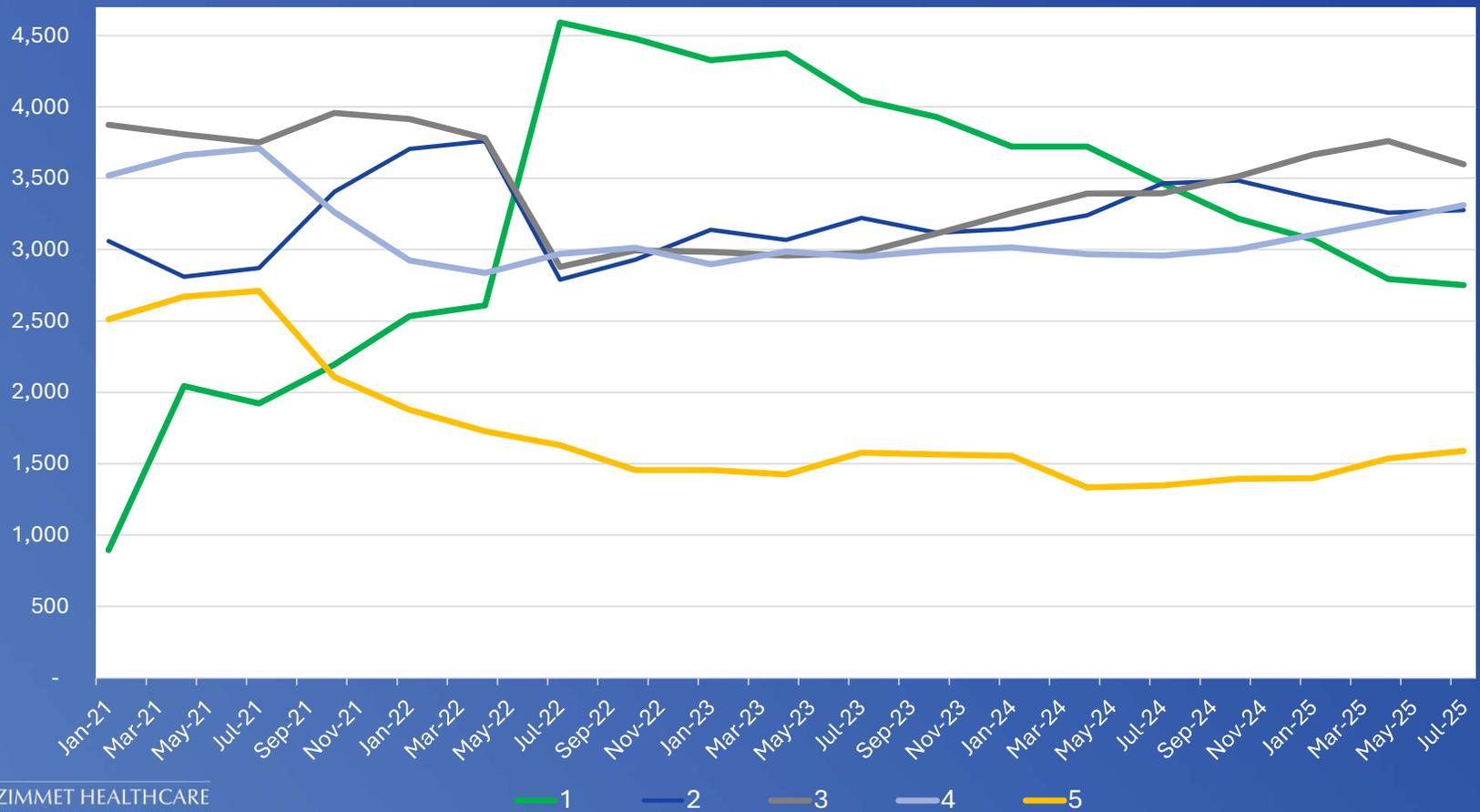
Overall Star Rating: 2021 - 2025



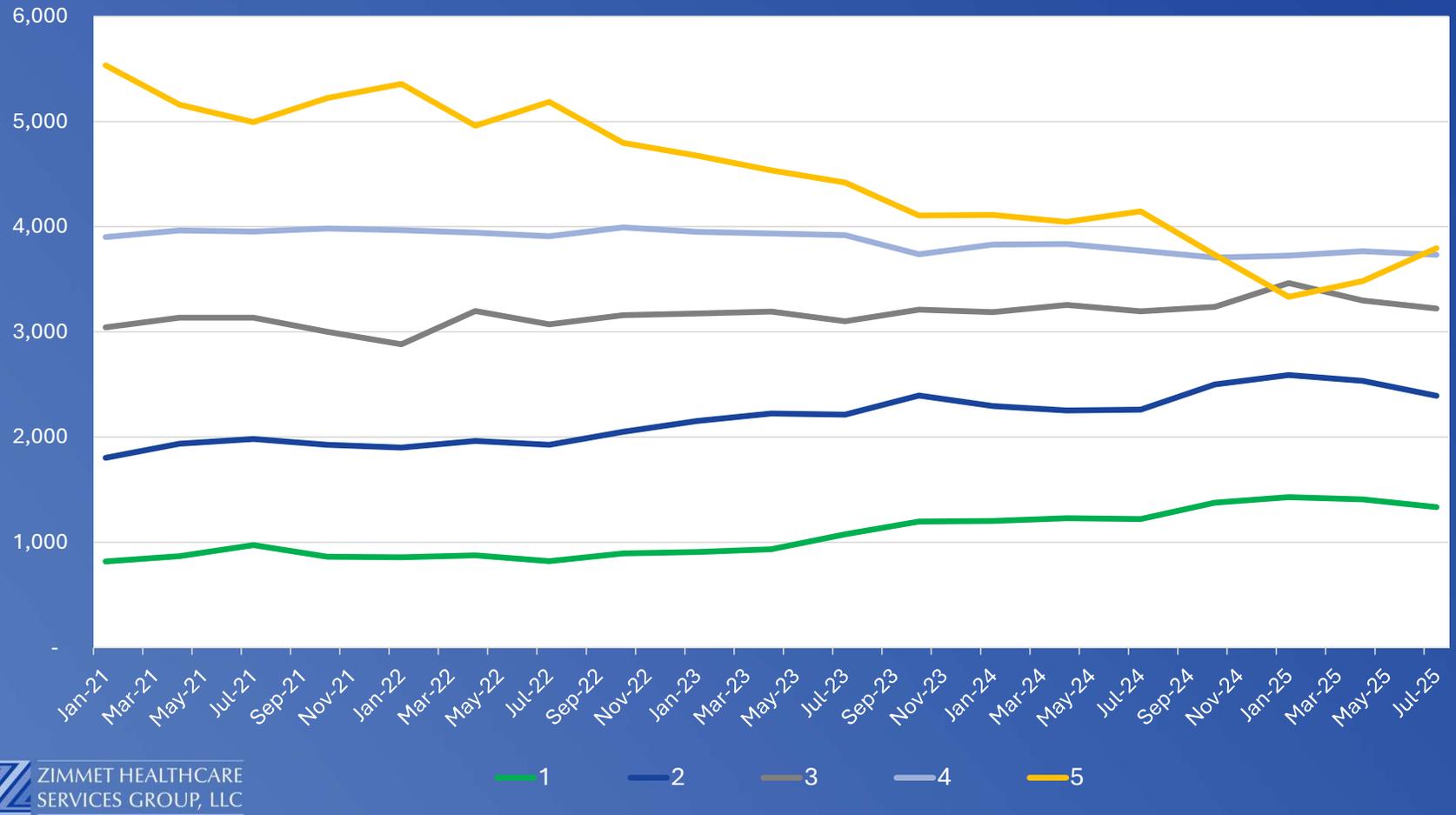
Health Inspection Star Rating: 2021 - 2025



Staffing Star Rating: 2021 - 2025

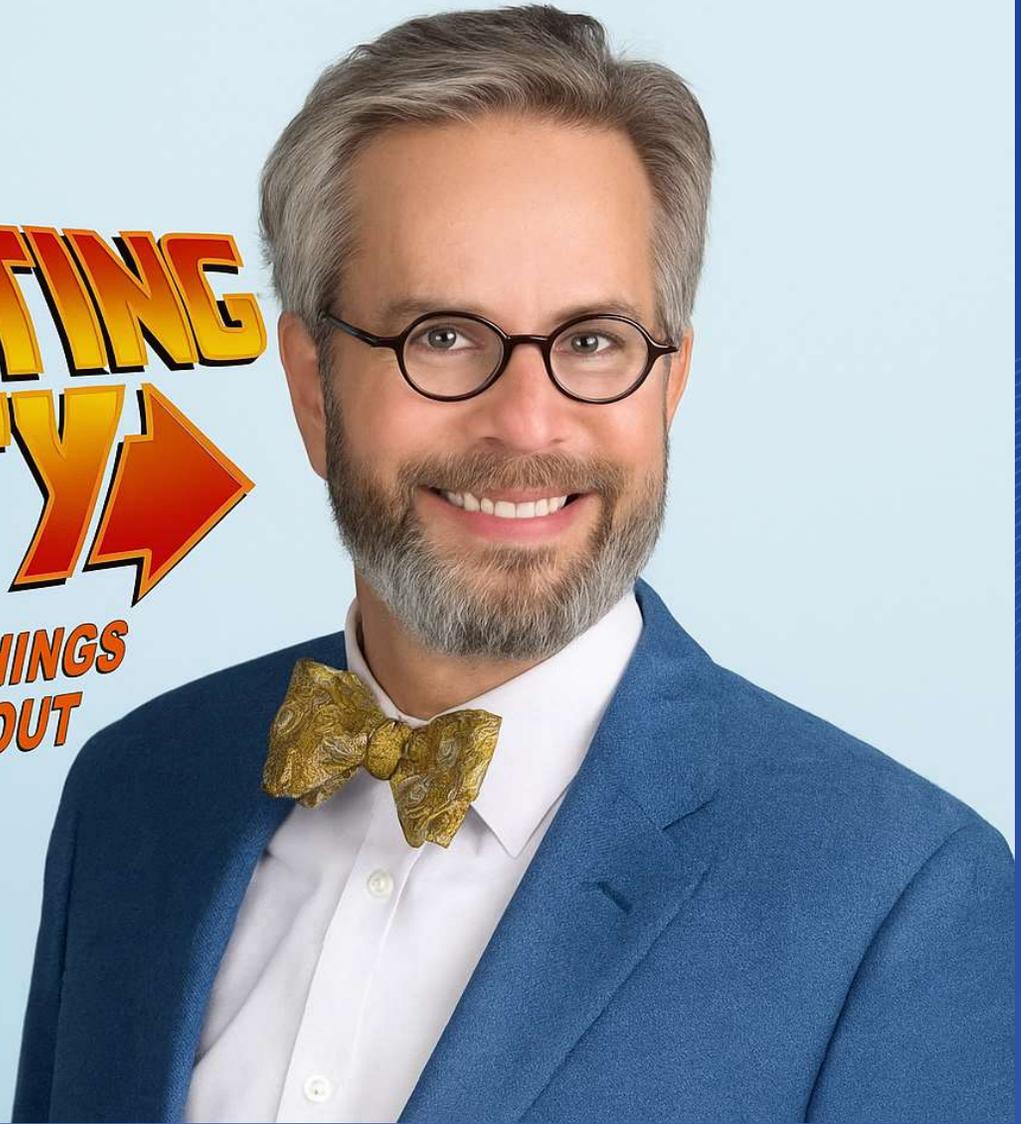


Quality Measures Star Rating: 2021 - 2025



EVALUATING TO THE QUALITY

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NO ONE WANT ME TO TALK ABOUT



Thank You!



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