



United Kingdom Healthcare Advisory

Case Studies



Engagement Type

Transatlantic Transaction Diligence

Strategic Advisory

Situation

A global asset management firm considering an investment in the owner of skilled nursing facility, hospital, medical office building and assisted living real estate assets sought to understand the US federal and state regulatory and reimbursement environment for these facilities, along with the macro reimbursement and policy risks associated with the elderly housing market in the UK.

One of the UK's leading learning disability providers wanted to make sure it had full understanding of market conditions ahead of contract renegotiations. Marwood was engaged to use its expertise of social care reimbursement and local drivers to provide insight across 75 local authority areas.

- In the US, Marwood's team carried out federal level analysis and in-depth state level analysis of regulatory and reimbursement trends across 10 key states for the Company
- In the UK, Marwood provided an analysis focusing on the impact of funding pressures, minimum wage reform and legislative initiatives

- Analysis of budgeting for 75 local authorities of interest to the client, which included an analysis of the current and previous fiscal year financial state of the local authorities based on council tax income, social care precept income, reserves and national allocations
- Analysis and overview of adult social care and learning disability spending behavior for the current and previous fiscal year in the 75 local authorities of interest

Description of Marwood's Work and Analysis

The New Medicare DSH Formula Reduces Medicare DSH Payments

Marwood believes that the new Medicare disproportionate share hospital (DSH) funding formula, implemented in FY 2014, will have a significant impact on DSH payments.

Current Law Projects Positive Annual Updates, But There Is The Potential For Reimbursement Changes To SNFs

Marwood believes that the Medicare SNF reimbursement update will be positive for the next few years (FY 2015, 2016, 2017) but there is potential for future changes (FY 2018, 2019, 2020).

UK Outlook

Supply	Demand
Living Wage	IA Funding Process
Immigration Policy	Care Act 2014

Local Authority Funding is Affecting Care Home Reimbursement in England

Overview of local authority funding conditions in England, Scotland and Wales

Key Lines of Inquiry	Percentage Change in Projected Spending Between 2016/17 and 2017/18			
	1. LA Overall Spending Power	2. Adult Social Care	3. Adult Learning Disability	4. Adult Social Care excl. Adult Learning Disability
Average for 56 English LA	1.5%	0.4%	0.4%	0.4%
Average for 4 Welsh LA	1.4%	0.3%	0.3%	0.3%
Average for 2 Scottish LA	0.1%	0.1%	0.1%	0.1%

Local authority overall spending power is projected to increase on average between 2016/17 and 2017/18

On average, LA overall spending power is projected to increase by 1.5% on average between 2016/17 and 2017/18

Summary of projected percentage change in spending across English local authorities following agreed key lines of enquiry

Local Authority Ref	Percentage Change in Projected Spending Between 2016/17 and 2017/18			
	LA Overall Spending Power	Adult Social Care	Adult Learning Disability	Adult Social Care excl. Adult Learning Disability
Local Authority 1	-1.9%	9.9%	(2.8%)	19.8%
Local Authority 2	0.9%	(6.8%)	13.9%	13.9%
Local Authority 3	1.0%	2.8%	0.8%	1.8%
Local Authority 4	(6.2%)	(2.2%)	(6.4%)	(6.2%)
Local Authority 5	3.0%	(8.8%)	(8.9%)	(27.2%)
Local Authority 6	1.7%	(2.4%)	(0.2%)	13.8%
Local Authority 7	(1.9%)	(2.8%)	(0.7%)	(4.0%)
Local Authority 8	(0.2%)	(4.4%)	14.2%	(2.2%)
Local Authority 9	0.6%	(8.2%)	7.8%	(8.1%)
Local Authority 10	0.2%	(2.8%)	16.4%	(8.8%)
Local Authority 11	2.1%	11.2%	30.1%	(0.0%)
Local Authority 12	0.9%	(2.2%)	(0.0%)	(2.0%)
Local Authority 13	2.0%	1.0%	2.5%	0.4%
Local Authority 14	(0.2%)	(3.8%)	(3.8%)	(6.0%)
Local Authority 15	0.5%	(5.1%)	6.2%	(8.9%)
Local Authority 16	2.3%	0.3%	1.3%	(0.8%)