DRL Holdings — SNF Risk Management Workbook

User Guide | Version 1.0 | Companion to the Excel Workbook

This guide explains how to use the **DRL Holdings SNF Risk Management Workbook** to evaluate financial, operational, clinical, staffing, regulatory, and documentation risk for any Skilled Nursing Facility. The workbook is designed for operators, lenders, investors, REITs, private equity, and DRL Holdings Intelligence projects.

1. Purpose & Philosophy

The workbook turns public-record data (CMS Cost Reports, Care Compare, PBJ staffing) plus chart-level findings from RevOptix1 into a single, defensible risk view. It follows actuarial and credit-analysis categories used by lenders and underwriters, while adding the documentation / hidden-revenue layer that is unique to DRL Holdings.

Non-negotiables: BAA before any PHI; evidence-only findings (nothing invented); flat-fee only (no percentage of recovery); reproducible methodology.

2. Workbook Structure (11 Sheets)

Sheet	What you do
01 Cover & Instructions	Read once. Color key and data sources.
02 Facility Profile	Enter identity, beds, ownership, analysis purpose.
03 Financial Inputs	Paste cost-report / internal financials. Ratios calculate automatically.
04 Operational Inputs	Occupancy, payer mix, census, referrals.
05 Staffing & Quality	HPPD, turnover, stars, readmissions, deficiencies, CMPs.
06 Documentation Risk	Chart sample findings, opportunity $, audit exposure $, scores.
07 Risk Scores	Six weighted categories → Composite Risk Score + traffic lights.
08 Stress Scenarios	Medicaid cuts, occupancy drops, labor shocks → stressed DSCR.
09 Dashboard	Executive one-page summary (auto-linked).
10 Benchmarks	Industry reference values (distressed / median / strong).
11 Portfolio Summary	Side-by-side view for multi-facility portfolios.

3. Color Key

- **Yellow cells with blue text** = Inputs you edit.
- **Black text** = Formulas (do not overwrite).
- **Green text** = Values pulled from other sheets.
- Traffic lights on scores: Low / Moderate / High risk.

4. Recommended Workflow

1. Duplicate the master file for each facility (or deal).
2. Complete **02 Facility Profile** first.
3. Fill **03** → **04** → **05** → **06** in order (yellow cells only).
4. Review **07 Risk Scores** and adjust category scores if your judgment differs from pure formula signals.
5. Examine **08 Stress Scenarios** — note which shocks break the 1.20x DSCR floor.
6. Use **09 Dashboard** for the client-facing or internal summary.

7. For portfolios, copy key outputs into **11 Portfolio Summary**.

5. The Documentation Risk Layer (Sheet 06)

This is the differentiator. Enter only findings that are already supported on the chart (RevOptix1 / chart intelligence). Two scores feed the composite model:

- **Revenue Opportunity Score (0–100)** — higher = more recoverable, supported revenue currently left uncaptured.
- **Documentation Risk Score (0–100)** — higher = greater audit / take-back exposure.

These allow a lender or acquirer to see both downside (audit risk) and upside (hidden but defensible revenue) in one view.

6. Composite Risk Model (Sheet 07)

Six categories with suggested weights (calibrate to your credit policy):

- Financial / Credit — 25%
- Occupancy & Payer Mix — 15%
- Staffing & Labor — 15%
- Quality & Clinical Outcomes — 15%
- Regulatory / Survey — 10%
- Documentation / Revenue Integrity — 20%

Composite = weighted sum. Higher score = higher overall risk. Opportunity Score is reported separately so upside is visible without masking risk.

7. Stress Testing (Sheet 08)

Base case is linked from Financial Inputs. Pre-built shocks include Medicaid rate cuts (–5% / –10%), occupancy drops, agency labor spikes, and a combined scenario. Each shows stressed EBITDA and DSCR with a simple Pass/Fail against a 1.20x floor. Edit the yellow shock percentages for custom stresses.

8. Public Data Sources

- CMS SNF Cost Reports (HCRIS) — data.cms.gov
- Care Compare / Provider Data Catalog — stars, quality measures, inspections, staffing
- Payroll-Based Journal (PBJ) — nurse hours and turnover
- SNF QRP & VBP measure files — readmissions, HAI, discharge to community

Always record the exact extract date and cost-report year in the Facility Profile.

9. Demo Facility Included

The workbook ships with a realistic mid-sized freestanding SNF example (120 beds, ~82% occupancy, moderate Medicaid concentration, agency labor ~18%, 3-star overall, and a chart sample showing ~$620k annualized documentation opportunity with moderate audit exposure). Open the file and review sheets 07–09 to see scores and traffic lights populated.

10. Important Limitations

This workbook is a decision-support and risk-framing tool. It does not replace formal appraisal, independent audit, legal due diligence, or actuarial certification. All findings that rely on patient-level data require a Business Associate Agreement and must remain evidence-only.