



Supporting Quality Health Care Services at Home

# Special Alert

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## **CMS Releases New Report Analyzing the Home Health Industry Market**

In an effort to better understand the businesses that provide services to more than 70 million beneficiaries, the Centers for Medicare and Medicaid Services (CMS) developed a report analyzing the market status of the home health industry.

Released on June 28, the report titled, "Health Care Industry Market Update," includes an analysis of the home health industry which covers both agencies and respiratory and infusion therapy services.

The report reviews the state of the industry, an overview of the stock market performance and investment hurdles, and Wall Street's view of the industry. Statements include:

- Home nursing is considered by many to be a cost-effective alternative to extended hospitalizations or lengthy nursing facility stays. Because the service is rendered in the patient's home, some of the large capital costs associated with facility-based care are avoided. HHA costs are primarily labor-oriented.
- The three economic factors that drive the industry are: demographics, patients' increasing desire to stay at home versus going to facilities; and the search for the lowest cost alternative.

"It is good to see a report from CMS that acknowledges the challenges the home health industry has faced since the Balanced Budget Act of 1997," states Tom Connaughton, president & CEO of AAHomecare, "although the report focuses on the larger publicly-traded companies, smaller companies also faced tremendous challenges - and many did not survive."

A copy of the report can be accessed online at:

<http://www.aahomecare.org/govrelations/regulatory.htm>