



# Special Alert

October 3, 2001

## Now Available: AAHomecare's 2001 Financial Performance Survey

The *2001 Financial Performance Survey Report* is now available from AAHomecare. The report presents results of our yearly survey of financial and management practices within homecare companies, and contains summaries and analysis of data collected from operations in year 2000, as well as managerial recommendations by survey consultant, William Cron, Ph.D., who has conducted this survey for more than 19 years for AAHomecare and its predecessor organizations.

The survey can be purchased from AAHomecare by calling Karla Seabolt at 703-535-1882. The cost is \$250 for AAHomecare members, \$500 for non-members. Free copies were mailed earlier this week to companies that participated in this year's survey.

Among the findings:

- Overall industry revenue growth increased to 13% in 2000, compared to 10% in 1999. A factor contributing to this increase was that 8% of respondents reported making an acquisition, and the average growth rate of these firms was 31%.
- Medicare continues to be the dominant payer in 2000, representing 42% of revenue by type of payer compared to 31% in 1999. Medicaid also increased to 26% by type of payer from 12% last year. These increases were primarily influenced by participation this year in the study by larger, consolidated companies.
- In a new survey section on fuel and utility costs, companies reported an average increase of 32% in fuel expenditures for deliveries and on-site customer service.

In commenting on the report, Dr. Cron stated, "This year, we are seeing a confluence of a number of factors affecting the industry and its performance more dramatically than in any other year. For example, the industry is changing – only about half of the companies in the survey participated last year, and many of those have changed through acquisition, strategic growth, and revised business lines. The potential population for homecare services continues to expand and diversify, and new technology has come on line to meet their needs. Most importantly, however, the industry has more broadly adopted key management tools to enhance performance, such as improved back office automation, careful inventory and cost control, and strategic focus on growing markets."

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Dr. Cron will present a summary of the report and other useful financial management insights at a session at the Medtrade 2001 Expo and Conference at the Ernest Morial Convention Center in New Orleans, La. (October 24 from 8:00 – 9:00 am).

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