

The board's interest in a possible home initiative was guided by these stipulations, particularly as they relate to Seabury's growth rate in assets and profitability objectives. As a result of the financial downturn, the organization is experiencing declining inpatient volumes, a deteriorating payer mix, and a higher cost of capital, all of which have the potential to weaken its liquidity position.

Taking the strategic service line path to a home care program would be less capital intensive and should appeal broadly to the significant baby boomer population residing in its service area, whose preference would undoubtedly be to be treated in their homes.

INDUSTRY PROFILE

When John Maxwell convened his executive team the following week, he had already decided to present an overview of the home health industry as gleaned by Seabury's Planning Department. He prefaced his comments by drawing on recent research by the federal Agency for Healthcare Research and Quality that detailed why home health care in the 21st century is different from that which has existed in the past. He cited four reasons:

1. We're living longer and more of us want to "age in place" with dignity.
2. We have more chronic, complex conditions.
3. We're leaving the hospital earlier and thus need more intensive care.
4. Sophisticated medical technology has moved into our homes. Devices that were used only in medical offices are now in our living rooms and bedrooms. For example, home caregivers regularly manage dialysis treatments, infuse strong medications via central lines, and use computer-based equipment to monitor the health of loved ones.¹

The CEO presented a profile of national home care data as compiled by the National Association for Home Care and Hospice as follows:

- Approximately 12 million people in the United States require some form of home health care.
- More than 33,000 home healthcare providers exist today.
- Almost two-thirds (63.8%) of home healthcare recipients are women.
- More than two-thirds (69.1%) of home healthcare recipients are over age 65.
- Conditions requiring home health care most frequently include diabetes, heart failure, chronic ulcer of the skin, osteoarthritis, and hypertension.
- Medicare is the largest single payer of home care services. In 2009, Medicare spending was approximately 41% of the total home healthcare and hospice expenditure.²

According to the U.S. Census Bureau, he continued, in 2010 Connecticut's population was 3,574,097 of which 14.4% were age 65 or older.³ A Visiting Nurse Association (VNA) analysis of revenue by payer source in the state indicated that 60% of revenue was derived from Medicare.⁴

FEASIBILITY DETERMINATION

The CEO went on to explain that the feasibility determination would be based on initially setting the home care program's capacity at 50 clients because that was the minimum