

**Latest CMS Data Indicate Further Growth
in HHA Numbers;
Facility-Based Agencies Continue to Decline**

The latest Online Survey, Certification, and Reporting (OSCAR) data from the Centers for Medicare & Medicaid Services (CMS) indicate that the number of Medicare-certified home health agencies (HHAs) is continuing on a modest upward trend, following several years of decline. Information for the end of 2004 reflects a total of 7,679 agencies, up from 7,265 at the close of 2003.

According to OSCAR data, the number of certified agencies peaked in 1997 at 10,444, plummeting to 6,861 in 2001. The number of agencies has increased slightly each year after 2001. The dramatic dip in the number of Medicare-certified agencies after 1997 correlates to severe cuts in home health enacted under the Balanced Budget Act (BBA) of the same year.

The number of hospital-based agencies also peaked in 1997 at 2,698 agencies. Since then, there has been a continuing decline in that number, and at the end of 2004 OSCAR data indicate there were only 1,695 hospital-based agencies, and a total of 1,806 facility-based entities.

NUMBER OF MEDICARE-CERTIFIED HOME CARE AGENCIES, BY AUSPICE, 1967-2004										
YEAR	FREESTANDING AGENCIES						FACILITY-BASED AGENCIES			
	VNA	COMB	PUB	PROP	PNP	OTH	HOSP	REHAB	SNF	TOTAL
1967	549	93	939	0	0	39	133	0	0	1,753
1975	525	46	1,228	47	0	109	273	9	5	2,242
1980	515	63	1,260	186	484	40	359	8	9	2,924
1985	514	59	1,205	1,943	832	4	1,277	20	129	5,983
1990	474	47	985	1,884	710	0	1,486	8	101	5,695
1991	476	41	941	1,970	701	0	1,537	9	105	5,780
1992	530	52	1,083	1,962	637	28	1,623	3	86	6,004
1993	594	46	1,196	2,146	558	41	1,809	1	106	6,497
1994	586	45	1,146	2,892	597	48	2,081	3	123	7,521

1995	575	40	1,182	3,951	667	65	2,470	4	166	9,120
1996	576	34	1,177	4,658	695	58	2,634	4	191	10,027
1997	553	33	1,149	5,024	715	65	2,698	3	204	10,444
1998	460	35	968	3,414	610	69	2,356	2	166	8,080
1999	452	35	918	3,192	621	65	2,300	1	163	7,747
2000	431	31	909	2,863	560	56	2,151	1	150	7,152
2001	425	23	867	2,835	543	68	1,976	1	123	6,861
2002	431	27	851	3,027	563	79	1,906	1	119	7,004
2003	439	27	888	3,402	546	74	1,776	0	113	7,265
2004	446	36	932	3,832	558	69	1,695	1	110	7,679

Source: CMS, Center for Information Systems, Health Standards and Quality Bureau, (2004 data obtained in February 2005).

VNA: Visiting Nurse Associations are freestanding, voluntary, nonprofit organizations governed by a board of directors and usually financed by tax-deductible contributions as well as by earnings.

COMB: Combination agencies are combined government and voluntary agencies. These agencies are sometimes included with counts for VNAs.

PUB: Public agencies are government agencies operated by a state, county, city, or other unit of local government having a major responsibility for preventing disease and for community health education.

PROP: Proprietary agencies are freestanding, for-profit home care agencies.

PNP: Private not-for-profit agencies are freestanding and privately developed, governed, and owned nonprofit home care agencies. These agencies were not counted separately prior to 1980.

OTH: Other freestanding agencies that do not fit one of the categories for freestanding agencies listed above.

HOSP: Hospital-based agencies are operating units or departments of a hospital. Agencies that have working arrangements with a hospital, or perhaps are even owned by a hospital but operated as separate entities, are classified as freestanding agencies under one of the categories listed above.

REHAB: Refers to agencies based in rehabilitation facilities.

SNF: Refers to agencies based in skilled nursing facilities.

In its recent report to Congress, the Medicare Payment Advisory Commission (MedPAC) makes note of changes in the supply of certified agencies that have occurred in recent years. While the report tracks the number of agencies only through October 2004, it does break down agencies by categories of freestanding or facility-based, rural or urban, and by auspice (i.e., proprietary, voluntary, or government-sponsored).

MedPAC's information reflects the gradual reduction in recent years of facility-based agencies, while indicating relative stability with respect to agency location (rural or urban). After a slight drop in the early 2000s in the percentage of proprietary agencies, MedPAC reports that these agencies have rebounded and now make up 55 percent of the supply of certified agencies.

MEDICARE-CERTIFIED AGENCIES, MEDPAC MARCH 2005 REPORT TO CONGRESS				
YEAR	1998	2000	2002	2003
TOTAL AGENCIES	9,284	7,317	6,888	7,530
Freestanding	72%	70%	72%	75%
Facility-Based	28%	30%	28%	25%
Rural	32%	35%	34%	-
Urban	68%	65%	66%	-
Proprietary	55%	49%	52%	55%
Voluntary	31%	35%	34%	31%
Government	14%	16%	15%	14%

Source: 1998, 2000, 2002, and 2003 Provider of Service Files, CMS.

It should be noted that in late 2003, CMS began requiring separate identification numbers for branch offices, so an increase in these numbers may not necessarily indicate new agencies. It is unclear at this time whether OSCAR information or the data sources used by MedPAC include branches or reflect only agency parents.