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INDUSTRY REPORT:
IN-HOME SENIOR CARE

Baby boomers are aging — and they're doing it differently than their parents and grandparents. Thanks to modern medical and technological advances, this group is living longer into their golden years. They want to grow old gracefully in their homes and maintain their independence away from the more traditional, costly nursing home and assisted living models of the past. All of this, coupled with a 2010 federal law that changed nursing services for seniors, means the demand for in-home senior care is high and only rising.

While most of the recipients of in-home senior care are baby boomers, a small percentage of disabled people and those wishing to die at home (end-of-life) are also included. The industry is mostly comprised of nonmedical help, such as personal care, homemaker services, physical therapy, medication-dispensing, counseling and nutritional services.

Here's a more in-depth look at the factors that have helped the in-home senior care industry climb to where it is today, as well as a comparison of start-ups vs. franchises and future predictions.

HEALTH CARE AND ECONOMIC TRENDS DRIVE INDUSTRY GROWTH

It's no surprise that the older the adult, the more likely he or she is to use health care services since many conditions, such as Alzheimer's disease, develop later in life. And this current generation of older adults has more disposable income and more access to private insurance coverage, meaning they're able to afford out-of-pocket health care costs.

On the federal front, the Patient Protection and Affordable Care Act of 2010 encouraged the transition from nursing home services to at-home managed care. It even made the states eligible to receive a sizable increase in federal matching funds for providing these types of senior home care.

In other good news, the national unemployment rate is down and funding for Medicare and Medicaid, which makes up 40 percent of the industry's revenue, is expected to increase in the coming years — another factor contributing to industry growth.

START WITH A START-UP OR FRANCHISE?

Head south and west if you're looking to get into the in-home senior care industry, as California and Texas currently hold the largest shares of the market. That's because this industry needs a large number of seniors aged 65 and older, as well high levels of urbanization, and these sunny states tend to have a lot of retired, urban boomers enjoying life in a warmer climate. Following California and Texas are a few states in the Great Lakes area — Illinois, Michigan, Ohio and Missouri — as well as Florida and North Carolina in the Southeast and the Mid-Atlantic states of Pennsylvania and New York. Coming in last place are the Plains and Rocky Mountain states, due to their lower levels of population density and urbanization.

While start-up opportunities are abundant, they require having to build your business from the ground up, with no associated name brand or marketing support. On the other hand, senior care franchise opportunities are newer and internal competition is high, with more than 60 brands selling home health care franchises. Brands like [ComForCare] have been franchising for more than 20 years, but many of the other companies have been franchising less than 10 years. Acquisitions are also common to help gain brand awareness, as with [Comfort Keepers], a smaller company who has gone through multiple acquisitions and is now owned by a multinational company in France.

According to Philip LeBlanc, Vice President of Franchise Development at ComForCare, "Consumers have a better understanding of what value they would like to get from the relationship with a home care company. It's raising the bar in terms of quality of care and expectations of home care companies." He explains that this makes it more difficult for smaller, independent companies to keep up with the quality of care, documentation processes, new technologies and training that are all required for a high level of service.

So how do you choose between a franchise or start-up? These three tips will help you evaluate your options and make a decision that's right for you.

1. In-home senior care franchises have been one of the fastest-growing segments in recent years due to the number of aging boomers. These franchises did not experience a decline during the last recession as other industries did.
2. Franchise owners benefit from the clout and name recognition of strong national brands.
3. A senior care franchise requires less of an initial investment (as compared to restaurants and health clubs, for example) as there is often no need to purchase equipment or even rent an office space. If you're seriously considering getting into this industry, take a moment to get pre-qualified now as part of your planning process. You'll be one step closer to securing your financing and getting started.

GET PRE-QUALIFIED FOR BUSINESS FINANCING NOW

THE FUTURE LOOKS BRIGHT FOR BOOMERS IN THEIR GOLDEN YEARS

As the baby boomer population grows to 56 million and revenue of the in-home senior care industry grows at an annualized rate of 12.9 percent[1], so does demand for in-home services from both start-up brands and franchises. Technology will continue to advance and amaze us, and government plans to shift away from hospitalizations and towards more cost-effective home care will pave the way for growth. Aggressive marketing strategies and the backing of national brands will also fuel the competition, so if you're ready for this market, seniors and their families are ready for you.

[1]IBISWorld Industry Report: In-home Senior Care Franchises in the U.S.