



# **COST- CUTTING MEASURES**

**TO IMPROVE PROFITABILITY  
OF YOUR HOME HEALTH  
CARE BUSINESS**

**A GUIDE FOR HOME HEALTH CARE AGENCY OWNERS**

Owning a home health care agency is a great way to be your own boss in a recession-proof industry and provide care for those who need it most. But there can be challenges with maintaining a steady flow of income greater than your expenses. There are many creative ways to cut costs in order to increase your profitability.

Effective cost-cutting measures can really depend on your unique business situation. You may have to get creative and think outside of the box to find the right tactics for your company. By cutting unnecessary costs, you can increase your profit and allocate savings to where it's truly needed. While each business is unique, and may have different cost-saving options, here are our top five general cost-cutting measures.

## Reevaluate monthly expenses

1.

Where can you cut back on your monthly expenses? Take a look at your supplies, phone expenses, contracts, technology subscriptions. In many cases, there are opportunities to make some changes.

Perhaps you don't need the same amount of office supplies that you did when you were starting your business and getting things up and running. Track supply usage to see what you really need. Shop around to compare phone and internet plans. Sometimes you can even negotiate a lower cost with your existing provider. Do you use subscription-based software or technology? If so, consider if there is a continued need for it or if there are alternative options that have come available since you first subscribed. Perhaps there are similar options now that are less costly.



## 2.

### Examine staff productivity



Evaluate each member of your team. Is there a full-time employee that could produce similar outcomes with a part-time schedule? Do you have multiple staff members doing work that can be accomplished by a single person? This evaluation should take time and care. You don't want to make a hasty decision that you regret later. But with careful observation over time, you may be able to make some staffing adjustments that could greatly reduce your costs while maintaining positive operational outcomes.

### Evaluate in-house vs contractor roles

## 3.

Can you reduce costs by bringing services in-house or by contracting them out? Payroll services, marketing, and IT management are a few examples of services that may be more cost-effective if they are contracted versus in-house. Conduct a value analysis based on what your agency needs are and the hours to accomplish these needs. If you do use contractors, be sure to rely on performance-based contracts with your vendors. This allows for a shared-risk or shared-benefit for you and the contractor you hire. Your agency should monitor performance and give feedback to your vendor to ensure the services are delivered as outlined in the contract.



## 4.

### Assess office space need



Traditionally, home health care agencies have maintained a physical office where administrative staff come into work daily and where caregivers can occasionally come to accomplish admin tasks and mingle with one another. Since the COVID-19 pandemic, many agencies have moved to a fully remote workplace successfully. Leasing real estate often comes with a steep price tag and may not be necessary. Typically, having a physical office means keeping it secure and stocked with supplies as well as at least one staff member. So, you have the cost of the real estate lease *plus* the cost of occupying the space. Letting go of the brick-and-mortar office may not be right for every agency, but could be an efficient way to reduce costs for some.

## WANT TO LEARN MORE?

While the above is a short list of considerations for cutting costs, there are additional measures you can take to reduce your expenses and increase your income. There *is* opportunity for your agency to be more profitable.

### **We can help.**

At AYA Enterprises, we have extensive experience helping business owners grow their home health care agencies. We provide powerful insights and proven results. Connect with us for a free consultation. Our goal is to help you achieve your goals.

**Get in touch with us  
for a free consultation.**



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