

Entry and Exit Patterns in Home Care Industry

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Abstract

The expansion of home health care could allow the elderly to gain easy access to medical services in rural areas. Although the most of the previous studies focus on the impact of the use of home health care on hospital discharges or the determinants of geographical variation, we examine entry and exit patterns of home health care providers. In particular, using a detail establishment-level data from Texas, we investigate the determinants of entry, growth, and exit patterns of home care providers. Our results indicate that home care providers almost doubled in Texas during 2000 and 2006 and, hence, the average distance between households and home care establishments decreased by more than 50 percent. We also find that entrants could enjoy localized economies from the presence of firms that provides complementary medical services. Our results also provide strong evidence of spatial persistence of employment in home cares industry.

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