

Pediatric Care Emerges As Next In-Home Service Line Ripe For Growth

By [Audrie Martin](#) | August 6, 2024

Pediatric home health care is a tough business to be in, but it's also one filled with opportunity if providers can find operating models that work.

The U.S. pediatric home health care market was estimated to be valued at \$12.53 billion in 2023. It is expected to grow at a compound annual growth rate of 7.85% from 2024 to 2030, according to [a report from Grand View Research](#).

Growth in this industry can be attributed to several factors. These include the rise in chronic diseases, increased demand for home health services for infants, technological advancements, higher health care spending, adoption of smart home health care models and more insurance and legislative support.

“The pediatric home care space really is not that old,” Mark Kulik, senior managing director of home health, home care and hospice for the Braff Group, told Home Health Care News. “About 25 to 30 years ago or so is when the concept of taking a medically fragile child home and out of the hospital really began.”

The Braff Group, based in Pittsburgh, is an M&A advisory firm that specializes in health care services.

Kulik said that insurance companies and states favored pediatric home care due to cost considerations, as most of these children's services were funded by Medicaid.

“A combination of technology, confidence in a certain job skill set and the personal desire to have the child home was the beginning,” he said. “The growth came from there. As that was proven to be a successful model, more and more hospitals adopted it as a standard practice.”

While this type of home-based care is in high demand, it hasn't always been an easy space to operate in. This is due to mental, emotional and physical stressors as well as a lack of specialized training for workers. These challenges can be unique to working with children, and may not be something every home health worker is prepared to handle.

“There's a subset of nursing professionals who think that children are more fragile than adults, and there's a level of fear and apprehension that comes along with that,” First Day Homecare founder and CEO Emily Wiechmann told HHCN. “As a registered nurse who has served both the pediatric and adult populations for many years, I think that children are more resilient than adults at times.”

First Day Homecare, based in Flint, Michigan, provides private-duty nursing services to children and adults with medical complexities and chronic conditions.

“Training is so critically important,” Wiechmann said. “When you’re providing a service that nurses are not routinely trained on in their nursing education, such as caring for an infant on a ventilator, that’s a barrier. Some nurses can turn away from a job opportunity because of fears and misconceptions they have about caring for children with medical complexities. To combat this effectively, we need to train our nurses better and support them through clinical mentorship programs as well.”

Kulik said that pediatric or neonatal intensive care unit nurses would be well-suited for pediatric home health care, but the supply is limited, so care providers are managing with ongoing training.

“That’s the ideal candidate because that’s what they did in a hospital setting,” he said. “Given the limitations of supply, many companies do their best to find nurses who have the right attitude and provide ongoing training for that nurse to build up his or her skills along the way.”

In addition, workforce shortages in pediatric home health care stem in part from inadequate Medicaid payments and a lack of training and support for home-based care providers.

“Pediatric home health providers are vying and competing with other care settings like hospitals in recruiting,” Weichmann said. “It can be difficult to recruit a nurse from a setting where they make more money per hour than what can be paid in the home health setting. Bringing awareness to these pediatric home health services is a step in the right direction.”

Weichmann added that several states are taking steps in this area by increasing their Medicaid reimbursement rates, enabling providers to be more competitive in recruitment.

Technology provides at least one answer

While challenges can be seen as barriers, there are plenty of opportunities in this space as well. Technology is helping pediatric caregivers elevate the level of care for those at home.

“Technology is one of the main drivers creating a shift from facility-based care into home health-based programs such as private-duty nursing,” Weichmann said. “As recently as 20 years ago, a child born with a serious condition like Spinal Muscular Atrophy (SMA) Type 1 did not have the option to remain in their home as their condition progressed. Home ventilators have evolved such that these children can safely be cared for in their homes and survive much longer now.”

Kulik agreed, and said the availability of technology has increased the confidence providers have in the care they can provide in the home environment.

“Remote patient monitoring has advanced dramatically, the ability to track vital signs remotely and have clinical oversight available even though the child is not in the hospital is a big one,” Kulik said. “You’ve got the ability to provide different types of IV therapies that were not available [previously]. Advancements, clinical trials and studies, and having more confidence in the ability to allow technology to migrate to the home has been a huge tailwind to the confidence of bringing children home.”

Kulik also believes that leveraging technology can help mitigate staffing shortages.

“We have made a lot of advancements with AI just in diagnosing or documenting,” he said. “AI can help advance the number of patients seen in a day because if nurses are seeing five patients a day, with AI, they can see five plus one. That’s five more patients in a week because AI is helping document more quickly and taking that off the caregiver’s plate.”

Kulik said that there is an enormous opportunity on the supply side to provide more capacity, and that can be achieved with investors who are waiting for the right time to enter the market. He added that 29 pediatric home health companies have been acquired from 2019 to date.

“M&A overall around the world has declined because of inflation, interest rates and reimbursement challenges,” he said. “But the demand is still there.”

In February, [Nautic Partners acquired McKinney, Texas-based Angels of Care from Varsity Healthcare Partners.](#)

That’s just one recent deal that may suggest further growth and dealmaking in the space moving forward.

“I think once we start to see inflation coming under control and interest rates start declining, you’ll see a dramatic pickup, specifically in pediatrics because the demand is guaranteed, and that’s one piece that investors look at,” Kulik said. “If I’m an investor, I’ve got a guaranteed demand, I’ve got a guaranteed payment source, and I’ve got technology that is becoming more applicable and available in my marketplace. So, you’ve got this convergence of different reasons and forces that will make this a highly desirable marketplace again once the economy is normalized.”