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**For Immediate Release**

**AMERICAN HOMEPATIENT REPORTS FINANCIAL RESULTS FOR  
THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2004**

**COMPANY ALSO PROVIDES INHALATION DRUG REIMBURSEMENT UPDATE**

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BRENTWOOD, Tenn. (November 2, 2004) – American HomePatient, Inc. (OTC: AHOM) today reported net income of \$3.0 million and revenues of \$83.5 million for the third quarter ended September 30, 2004. For the nine months ended September 30, 2004, the Company reported net income of \$5.0 million and revenues of \$251.6 million.

The Company's net income of \$3.0 million for the third quarter of 2004 compares to net income of \$0.4 million for the third quarter of 2003 representing an increase of \$2.6 million. The Company's net income of \$5.0 million for the first nine months of 2004 compares to net income of \$9.3 million for the first nine months of 2003. Net income for the first nine months of 2003 excluded approximately \$10.0 million in non-default interest expense that would have been paid had the Company not sought bankruptcy protection. Net income for the first nine months of 2003 included approximately \$3.8 million of reorganization items compared to \$0.5 million for the same period in 2004.

The Company's revenues of \$83.5 million for the third quarter of 2004 represent a decrease of \$0.4 million, or 0.5%, from the third quarter of 2003. The Company's revenues of \$251.6 million for the first nine months of 2004 represent an increase of \$2.3 million, or 1.0%, over the first nine months of 2003. Revenues in the current quarter and first nine months of 2004 were reduced by approximately \$1.8 million, or 2.2%, and \$5.6 million, or 2.2%, respectively, as a result of an approximate 15.8% reduction in the Medicare reimbursement rates for inhalation drugs effective January 1, 2004. The sale of inhalation drugs comprised approximately 12% of the Company's total revenues for the third quarter and first nine months of 2004.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) is a non-GAAP financial measurement that is calculated as net income excluding interest, taxes, depreciation and amortization. EBITDA for the third quarter of 2004 and for the third quarter of 2003 was \$14.6 million and \$11.3 million, respectively. For the third quarter of 2004, adjusted EBITDA (calculated as EBITDA excluding reorganization items) was \$15.0 million or 18.0% of revenues. For the third quarter of 2003, adjusted EBITDA was \$12.2 million or 14.5% of revenues. EBITDA for the first nine months of 2004 and for the first nine months of 2003 was \$39.2 million and \$31.9 million, respectively. For the first nine months of 2004, adjusted EBITDA was \$39.8 million or 15.8% of revenues. For the first nine months of 2003, adjusted EBITDA was \$35.6 million or 14.3% of revenues.

Bad debt expense for the third quarter of 2004 decreased by approximately \$0.3 million compared to the third quarter of 2003. Bad debt expense for the first nine months of 2004 increased by approximately \$0.9 million compared to the first nine months of 2003. Bad debt expense in the current year has been impacted by disruptions in cash collections resulting from the inability of certain third-party payors to effectively process electronic claims due to the implementation of the new HIPAA Transaction and Code Sets. Also impacting bad debt expense has been payment delays associated with certain state Medicaid programs. Bad debt expense improved in the third quarter of 2004 compared to the third quarter of 2003 due to improved cash collections of patient receivables in the third quarter of 2004 compared to the third quarter of 2003. Certain intermediaries have begun processing claims in a more timely manner, which has improved collections in the third quarter of 2004.

Total operating expenses decreased by approximately \$3.1 million in the third quarter of 2004 compared to the third quarter of 2003 and decreased by approximately \$4.4 million in the first nine months of 2004 compared to the same period in 2003. These decreases are primarily the result of the Company's initiatives to reduce personnel costs in its branches and billing centers.

### **Inhalation Drug Reimbursement Update**

As previously announced by the Company, healthcare providers and patients had expressed concern that the inhalation drug reimbursement reductions scheduled for January 2005 could force providers to exit the market and create patient access issues for these critical drugs. On October 8, 2004, CMS indicated that, based on a recent GAO report and other public sources, a reasonable monthly

dispensing fee would be in the range of \$55.00 to \$64.00. The Medicare fee schedule for inhalation drugs has not yet been finalized, but based on that range the Company expects to continue in the inhalation drug business. The Company appreciates the efforts of the Department of Health and Human Services (HHS), the Center for Medicare & Medicaid Services (CMS), congressional leaders, and members of the current Administration in trying to solve the patient access problem.

American HomePatient, Inc. is one of the nation's largest home health care providers with 280 centers in 35 states. Its product and service offerings include respiratory services, infusion therapy, parenteral and enteral nutrition, and medical equipment for patients in their home. American HomePatient, Inc.'s common stock is currently traded in the over-the-counter market or, on application by broker-dealers, in the NASD's Electronic Bulletin Board under the symbol AHOM or AHOM.OB.

American HomePatient, Inc. provides information related to non-GAAP financial measurements such as, EBITDA, adjusted EBITDA and, from time to time, other non-GAAP financial measurements that adjust for certain items outside of the ordinary course of its business. To enable interested parties to reconcile non-GAAP measures to the Company's GAAP financial statements, the Company clearly defines EBITDA and adjusted EBITDA, and quantifies all other adjustments to GAAP measurements (see Schedule B). The Company provides EBITDA information, a widely used non-GAAP financial measurement, as a performance measure to assist in analyzing the Company's operations and in comparing the Company to its competitors. The Company provides other non-GAAP financial measurements, such as adjusted EBITDA, that adjust for certain items outside of the ordinary course of business in order to assist in comparing the Company's current operating performance to its historical performance. These adjustments typically reflect non-recurring items but sometimes reflect items, such as dispositions of assets and restructuring charges that are not technically non-recurring but are outside of the ordinary course of operations. Investors should note that such measures may not be comparable to similarly titled measures used by other companies, and investors are encouraged to use this information only in connection with the information contained in the Company's GAAP financial statements.

Certain statements made in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on management's current expectations and include known and unknown risks, uncertainties and other factors, many of which the Company is unable to predict or control, that may cause the

Company's actual results or performance to materially differ from any future results or performance expressed or implied by such forward-looking statements. These statements involve risks and uncertainties, including, without limitation, risks and uncertainties regarding future reimbursement rates, as well as reimbursement reductions and the Company's ability to mitigate the impact of the reductions. These risks and uncertainties are in addition to other factors detailed from time to time in the Company's filings with the Securities and Exchange Commission. The Company cautions investors that any forward-looking statements made by the Company are not necessarily indicative of future performance. The Company is not responsible for updating the information contained in this press release beyond the published date, or for changes made to this document by wire services or Internet services.

**American HomePatient, Inc.**  
**Summary Financial Data**

Schedule A

(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
	(unaudited)		(unaudited)	
Revenues, net	\$ 83,502	\$ 83,893	\$ 251,587	\$ 249,264
Cost of sales and related services	17,463	17,342	53,919	52,084
Cost of rentals and other revenues, including rental equipment depreciation	9,937	9,562	29,084	26,958
Operating expenses	41,316	44,380	127,913	132,311
Bad debt expense	2,708	2,955	9,187	8,278
General and administrative expenses	4,201	4,337	12,710	13,009
Earnings from unconsolidated joint ventures	(1,026)	(964)	(3,257)	(3,385)
Depreciation, excluding rental equipment, and amortization	797	942	2,434	2,713
Interest expense, net	4,587	4,269	13,894	4,219
Other income, net	(40)	(376)	(122)	(282)
<b>Income from operations before reorganization items and income taxes</b>	<b>3,559</b>	<b>1,446</b>	<b>5,825</b>	<b>13,359</b>
Reorganization items	449	920	520	3,776
<b>Income from operations before income taxes</b>	<b>3,110</b>	<b>526</b>	<b>5,305</b>	<b>9,583</b>
Provision for income taxes	100	100	300	300
<b>Net income</b>	<b>\$ 3,010</b>	<b>\$ 426</b>	<b>\$ 5,005</b>	<b>\$ 9,283</b>
<i>Basic income per common share</i>	\$ 0.18	\$ 0.03	\$ 0.30	\$ 0.57
<i>Diluted income per common share</i>	\$ 0.18	\$ 0.02	\$ 0.29	\$ 0.49

	September 30, 2004	December 31, 2003
	(unaudited)	
Cash and equivalents	\$ 9,147	\$ 2,571
Restricted cash	650	400
Net patient receivables	52,202	56,940
Other receivables	1,281	1,935
Total receivables	53,483	58,875
Other current assets	18,024	20,606
Total current assets	81,304	82,452
Property and equipment, net	58,197	56,831
Goodwill	121,834	121,834
Other assets	19,836	22,923
<b>Total Assets</b>	<b>\$ 281,171</b>	<b>\$ 284,040</b>
Accounts payable	\$ 16,961	\$ 17,518
Current portion of long-term debt and capital leases	6,931	11,720
Other current liabilities	33,846	33,097
Total current liabilities	57,738	62,335
Long-term debt and capital leases, less current portion	250,009	251,194
Other noncurrent liabilities	2,079	4,262
Total liabilities	309,826	317,791
Minority interest	534	498
Total shareholders' deficit	(29,189)	(34,249)
<b>Total Liabilities and Shareholders' Deficit</b>	<b>\$ 281,171</b>	<b>\$ 284,040</b>

**American HomePatient, Inc.**

Schedule B

**Reconciliation of Non-GAAP Financial Measurements to GAAP Financial Statements**

(In thousands)

	<u>Three Months Ended September 31,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	<u>(unaudited)</u>		<u>(unaudited)</u>	
Net income	\$ 3,010	\$ 426	\$ 5,005	\$ 9,283
Add:				
Provision for income taxes	100	100	300	300
Interest expense, net	4,587	4,269	13,894	4,219
Rental equipment depreciation	6,071	5,513	17,600	15,342
Other depreciation and amortization	797	942	2,434	2,713
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	\$ 14,565	\$ 11,250	\$ 39,233	\$ 31,857
Add:				
Reorganization items	449	920	520	3,776
Adjusted EBITDA (EBITDA excluding reorganization items)	<u>\$ 15,014</u>	<u>\$ 12,170</u>	<u>\$ 39,753</u>	<u>\$ 35,633</u>