

Home Care Agency vs. Registry: Is the Price Difference Worth the Risk?

When families are referred to an in-home care company, it is often because a loved one has suffered an acute medical emergency and cannot be discharged from the hospital or nursing facility without assurance of round-the-clock supportive care at home. Families in this situation are understandably worried about their loved one's safety and dignity, but are also concerned about the cost of in-home care services.

Rates can vary greatly. Hiring through an agency, which employs and supervises its caregivers, is at the high end, with rates ranging from \$18 to more than \$30 per hour. One reason is that agencies must comply with employment laws governing wages, overtime, and workers' compensation insurance. For example, the Domestic Worker Bill of Rights (A.B. 241), which became law in California on January 1, 2014, requires that caregivers employed in the home be paid one-and-a-half times the regular rate of pay for any hours worked over nine hours per day, or over 45 hours per week. Previously, caregivers were exempt from overtime pay. While these laws are intended to protect the worker, agencies are forced to pass these expenses along to the consumer.

Not surprisingly, many consumers are choosing home care companies, known as **registries**, that do not employ or supervise their care providers, but merely “refer” independent contractors to home care settings. It is not uncommon for registries to quote rates as low as \$13 per hour, or even \$150 per day for 24-hour live-in care—an effective rate of **\$6.25** per hour! (Note that minimum wage in California is currently \$9 per hour and is scheduled to increase to \$10 per hour on January 1, 2016.) How does this affect the care that your loved one receives at home? Here are some of the issues to consider:

Registries do not provide day-to-day oversight of care. Because registries do not control the manner and means by which their caregivers do their work, a client may be exposed to incompetence and neglect, as well as financial, mental or physical abuse. Agencies, by contrast, provide ongoing supervision and support of their employees to be sure that the care provided is appropriate for the client's evolving needs.

Registries do not provide immediate backup in the event a caregiver is unable to report to work. Agencies have a backup whenever a regular caregiver is ill, on vacation, or has an emergency.

Registries do not have to pay minimum wage or overtime, and they do not withhold payroll taxes or report caregiver wages. Agencies, on the other hand, comply with all employment laws, including wage, overtime pay, and handle all reporting and payroll tax obligations.

Registries do not provide workers' compensation insurance to protect the client against medical and disability liabilities in the event a caregiver sustains a work-related injury. In contrast, home care agencies are required by law to carry workers' compensation insurance for each caregiver they employ. (It is worth noting that, according to the Bureau of Labor Statistics, the most common injuries reported by home healthcare workers are sprains, strains, and other musculoskeletal injuries related to lifting and moving patients.)

Registries may not provide liability insurance for their caregivers, exposing the client to potential damage and financial losses. Agencies carry liability insurance, which means if something happens for which a liability is incurred, the agency's insurance policy may cover it.

Before hiring a caregiver independently or through a registry, consider the legal and financial ramifications of misclassifying an employee as an independent contractor. According to the California Department of Industrial Relations, the most significant factor in classifying a worker is “the right to control the worker both as to the work done and the manner and means in which it is performed.” So, if you control your caregiver’s schedule, duties, and supplies, you may be establishing an employer-employee relationship. This means you assume responsibility for fulfilling wage, overtime, and other employment practice obligations, in addition to day-to-day case management and supervision of your employee.

AGENCY vs. REGISTRY AT-A-GLANCE

AGENCY

- Caregivers are employees
- Provides employee supervision and case management
- Provides backup coverage
- Provides workers’ compensation coverage
- Employees are insured and bonded
- Complies with payroll taxes, wage and overtime laws
- Identifies the best “personality match” between the client and caregiver

REGISTRY

- Caregivers are independent contractors
- Family supervises caregiver
- No backup for caregivers when absent
- No workers’ compensation coverage
- Caregivers not insured and bonded
- Family and/or caregiver responsible for payroll taxes; family also responsible for complying with wage, overtime and employment practice laws
- Refers anyone who is available for the shift, not necessarily the best match

Always Best Care® South Bay

Licensed, bonded, insured, and accredited by the Better Business Bureau, ABC South Bay is a non-medical, in-home care agency that employs qualified caregivers who pass a rigorous screening process, including Social Security verification, work authorization, checking both national and state databases for criminal record (including sex offenses), and calling three professional references before making a hiring decision. All caregivers are required to attend an orientation and safety training, and receive ongoing support and supervision by a care management team that includes a Ph.D. level mental health counselor, a Licensed Vocational Nurse, a bachelor’s level geriatric care manager, and a Certified Senior Advisor.

For further information, please visit www.AlwaysBestHomeCare.com or call **(310) 792-8666**.

