

Industry Overview



Iwona Matczuk and Stephanie Sucasaca



"Cooperatives don't "create jobs", the jobs exist because there is need in the market--the question is can cooperatives create a vessel where there is dignity, respect, power for workers in those jobs?"

-Steve Dawson-



What is care in the home?

Home Care Industry Overview



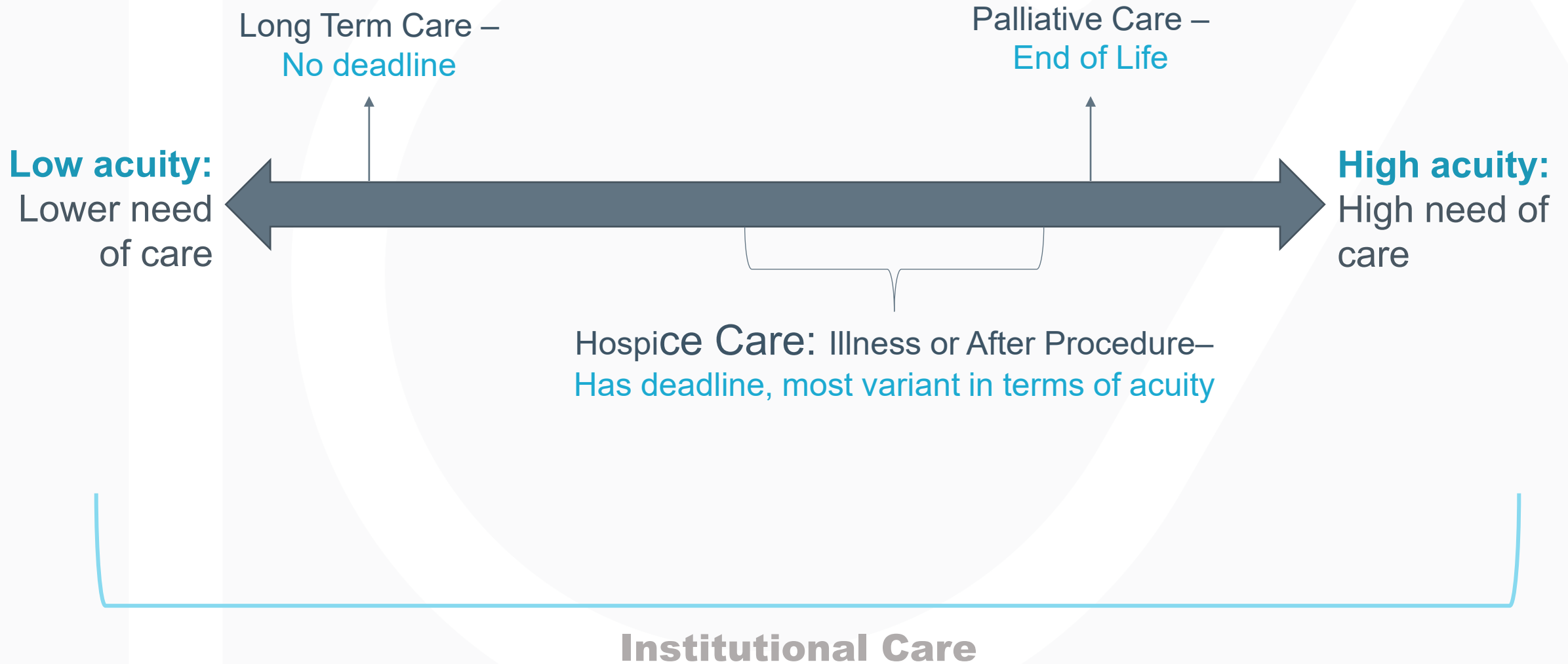
Home Care is supportive care provided in the home to seniors and people with disabilities.

Personal Care and Companionship = Help with non-medical, everyday activities (Activities of Daily Living-ADL's) like bathing and dressing, meal preparation, and household tasks to enable independence and safety-- *Personal Care Aide*

Home Health Care = Short-term, physician-directed care designed to help a patient prevent or recover from an illness, injury, or hospital stay-- *Home Health Aide*

Private Duty Nursing Care = Long-term, hourly nursing care at home for adults with a chronic illness, injury, or disability-- *Nursing Assistant*

Spectrum of Acuity





Who typically owns home care?

Independent Ownership

Independent: Caregiver creates a work contract directly with a client.

- Cash-only agreement
- Direct Hire—Care.com
- LLC
- Consumer Directed Programs through Medicaid

Independent Agency: Agency with all operations existing under one roof.

- Chains: Agencies with operations spread across multiple locations in a specific geographic region.

Operations: Everything a business does to run day to day (Sales, Marketing, etc.) See Handout for more definitions

Types of Home Care Businesses



Franchise

Brand and name is centrally owned on a National level and leased to franchise owners on a geographic region level

Some operations happen at the national level

- Branding
- policy development
- geographic region designation

Some operations happen within the franchise:

- Recruitment
- Payroll
- Training

With support from the large central agency.

The logo for Home Helpers, featuring the words 'Home Helpers' in a green script font with a registered trademark symbol, and the tagline 'Making Life Easier' in a smaller green serif font below it.

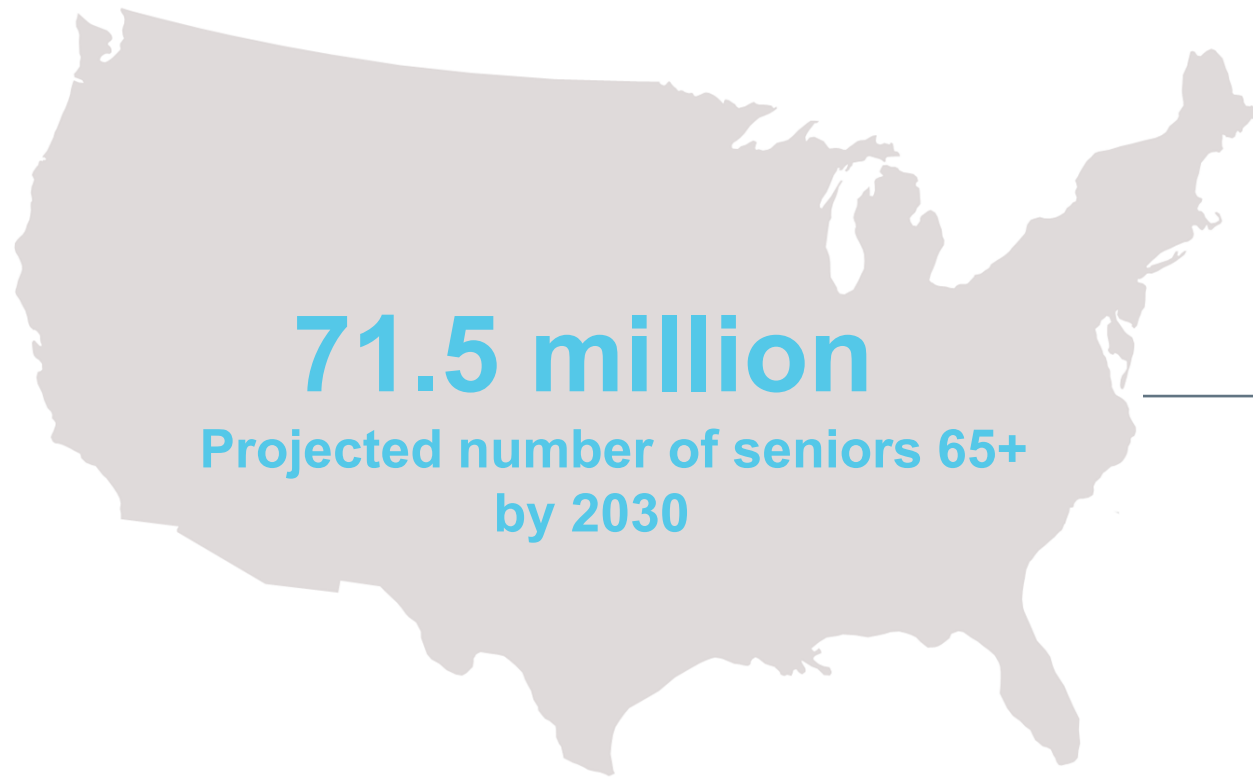
Home Helpers®
Making Life Easier®



The background features a light blue gradient with several large, white, abstract shapes. On the left, there is a vertical rounded rectangle. In the center, there is a large, thick, white curved line that forms a partial circle. On the right, there is a white shape that resembles a stylized mountain peak or a jagged line.

What's happening in home care?

Unprecedented Growth in Demand



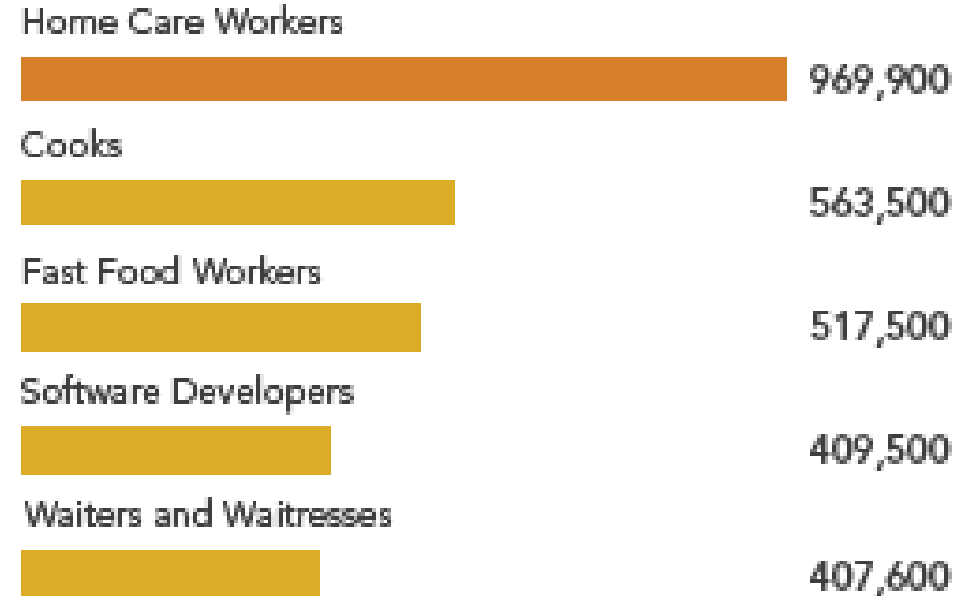
9 in 10 seniors
wish to “age in place”

Projected Employment 2031:
4,560,900



Fastest growing occupation in the US

OCCUPATIONS WITH MOST JOB GROWTH, 2020 TO 2030



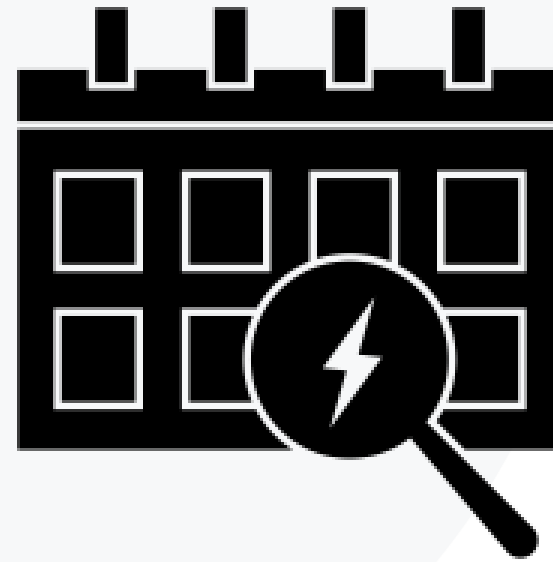
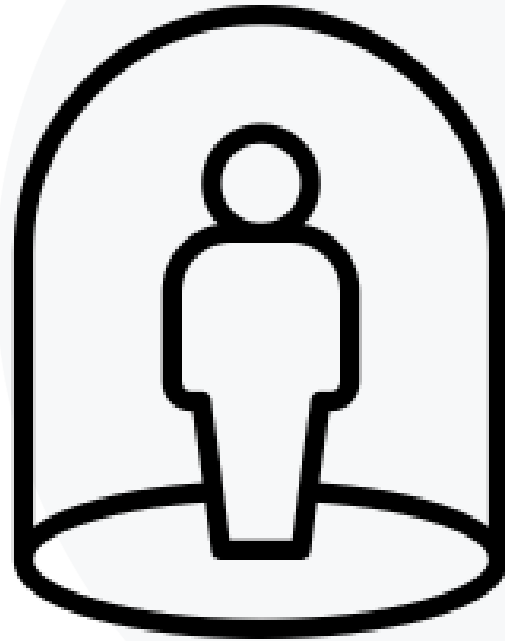
Lots of job opportunities but...



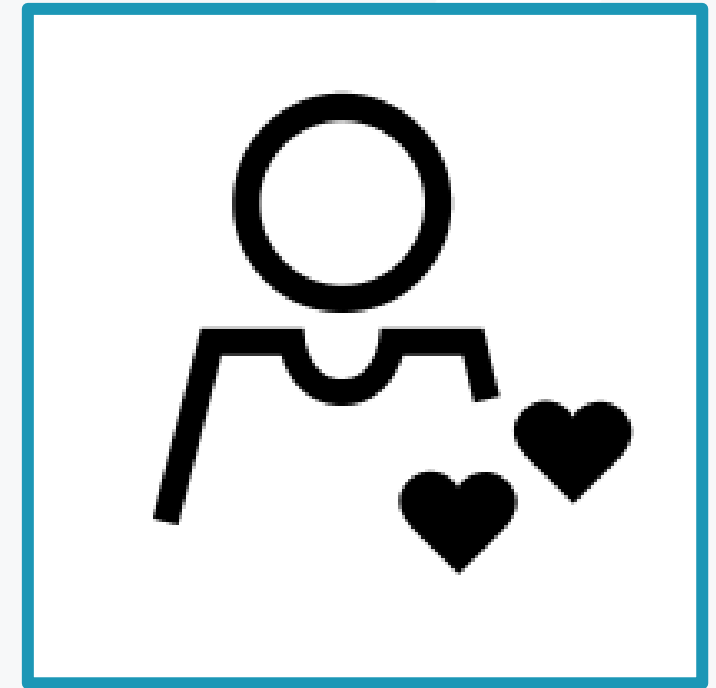
- National caregiver shortage-**Crisis Level**
- Consolidation and Acquisition Rising
- Closing of small local agencies
- Unsustainable Medicaid reimbursement rate
- Not recognized as “professional” work

Caregiver shortage

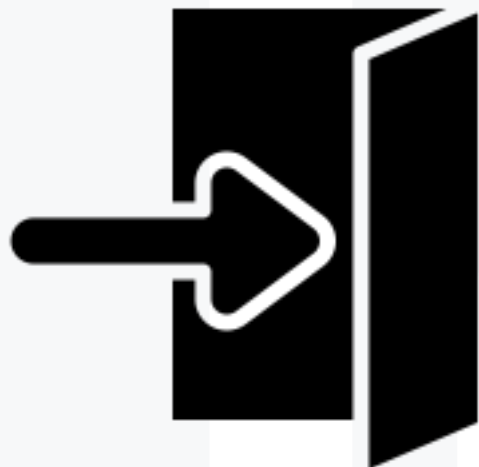
Why?



Client to Caregiver Ratio in the US



Flooding and Consolidation



Lots of people are seeing the increase in demand as an opportunity

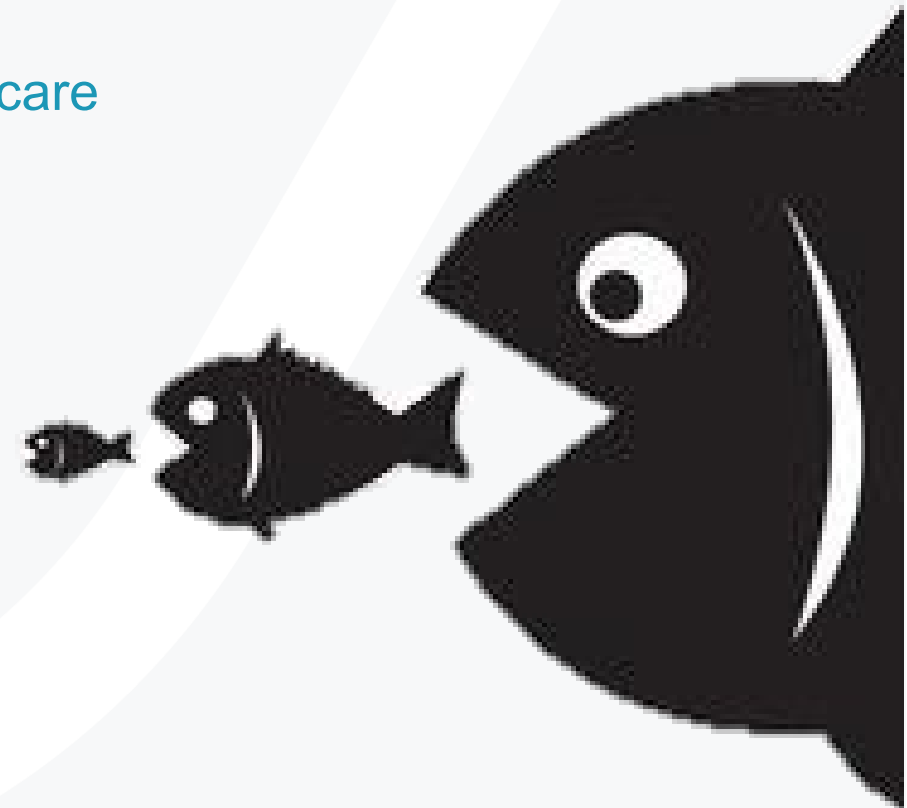
Industry with low barriers to entry

Trend in building one-stop-shop for care

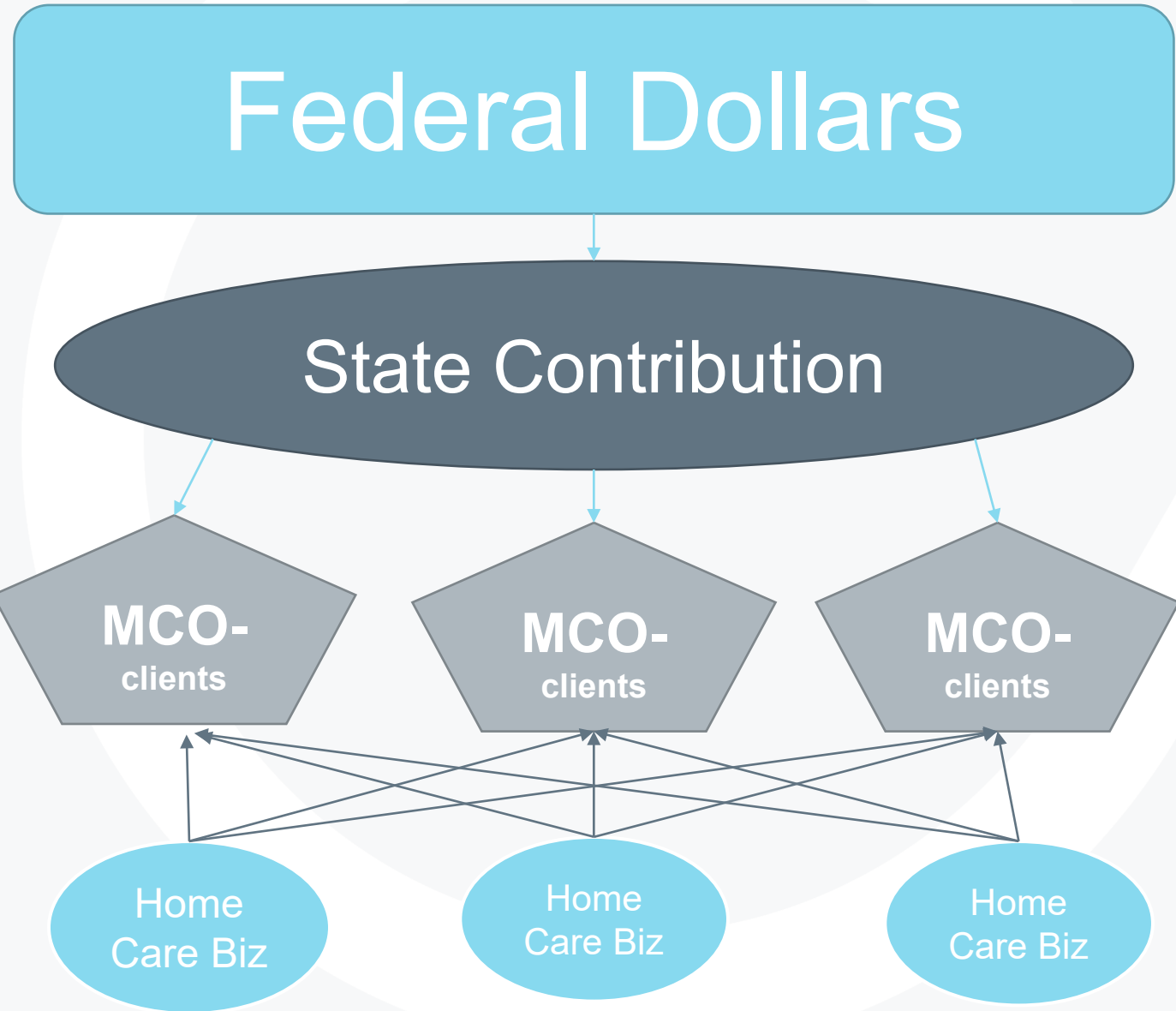
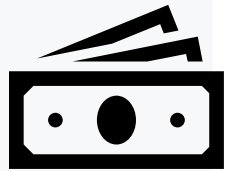
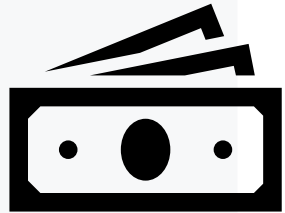
Increase in private equity investments—group of investors infusing a company with a lot of \$\$ in exchange for equity (shares) in the business

The primary goal is to increase shareholder value

Larger agencies are buying up smaller agencies for their caregivers



Unsustainable Medicaid Reimbursement Rates



The State negotiates a price they will pay the MCOs for covering Medicaid clients

MCOs set terms under which they'll pay for home care—The rate is always too low



The Home Care Cooperative Sector

Home Care Cooperative Sector



**13 Established
Co-Ops**

**3 Emerging
Co-Ops**

**9 States
represented**

To have the impact we want we must



Drive large-scale industry change

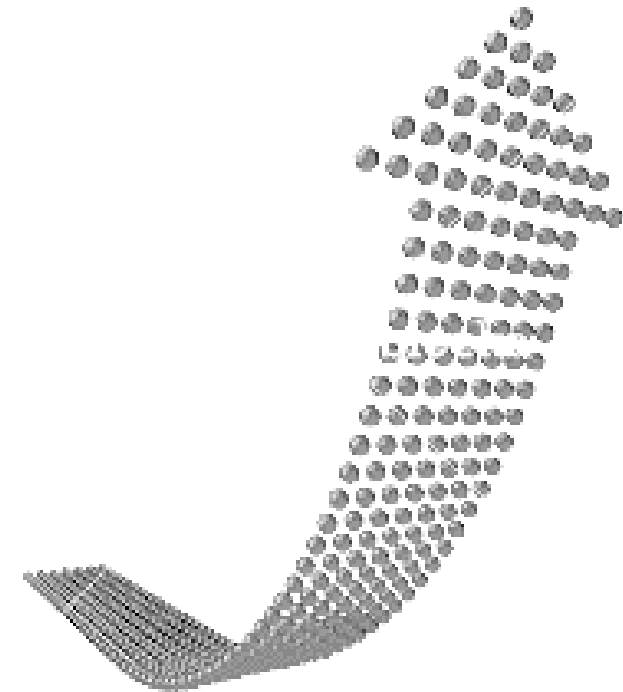
Grow the amount and Size of Home Care Cooperatives

Strengthen Existing Home Care Cooperatives



Growth Strategies:

- **Efficient new cooperatives and replication**
- **Growth of Existing Cooperatives**
- **Acquisition and Conversion**



Elevate Cooperative



Elevate Cooperative's mission is to drive the profitability, growth and influence of home care cooperatives.

Elevate cooperative is a national cooperative of cooperatives that will support the sectors growth and impact.

“Better home care together”



Elevate
Cooperative

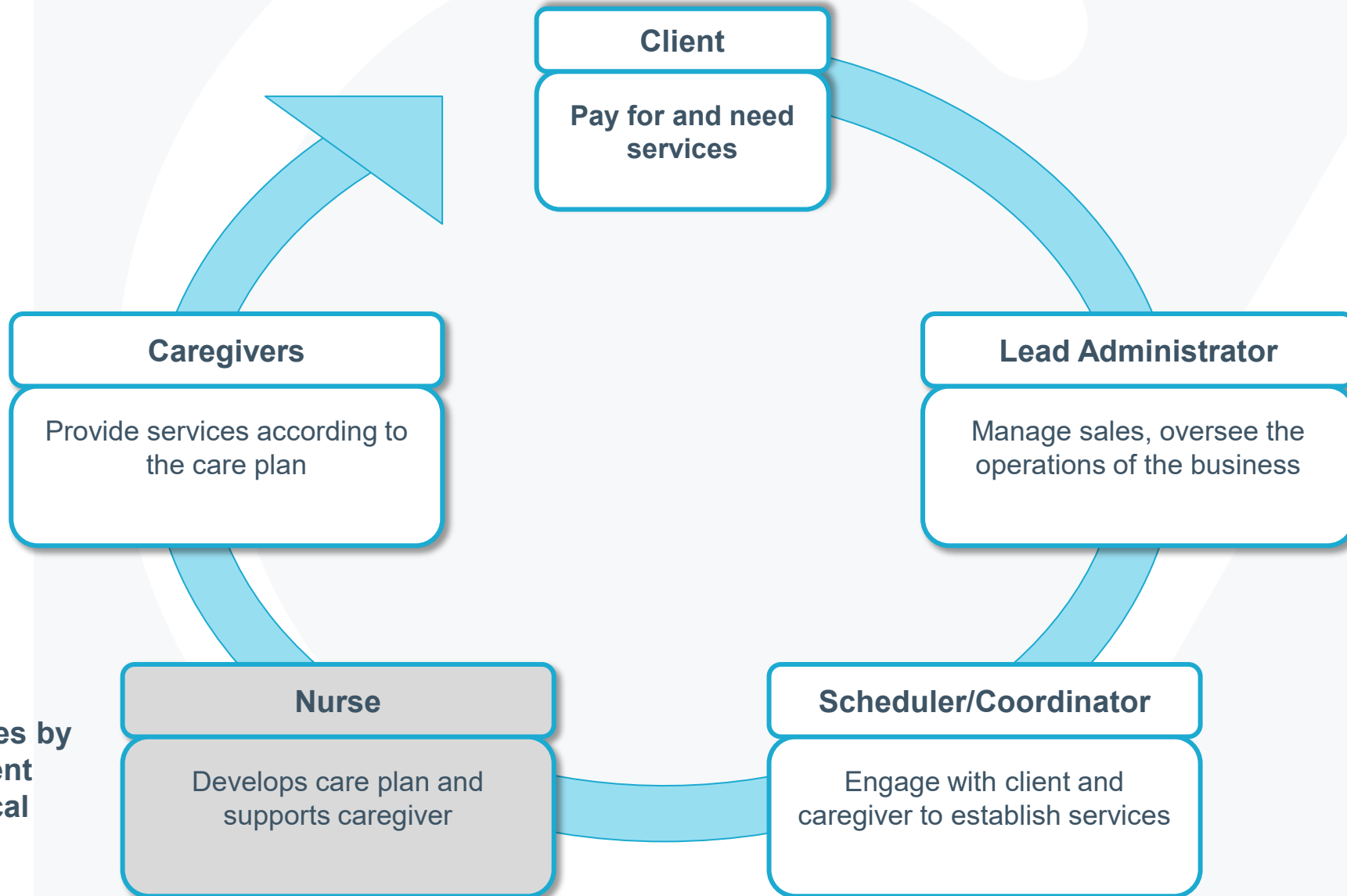


Break!

Home Care Business Basics



Operations: Who is Involved?

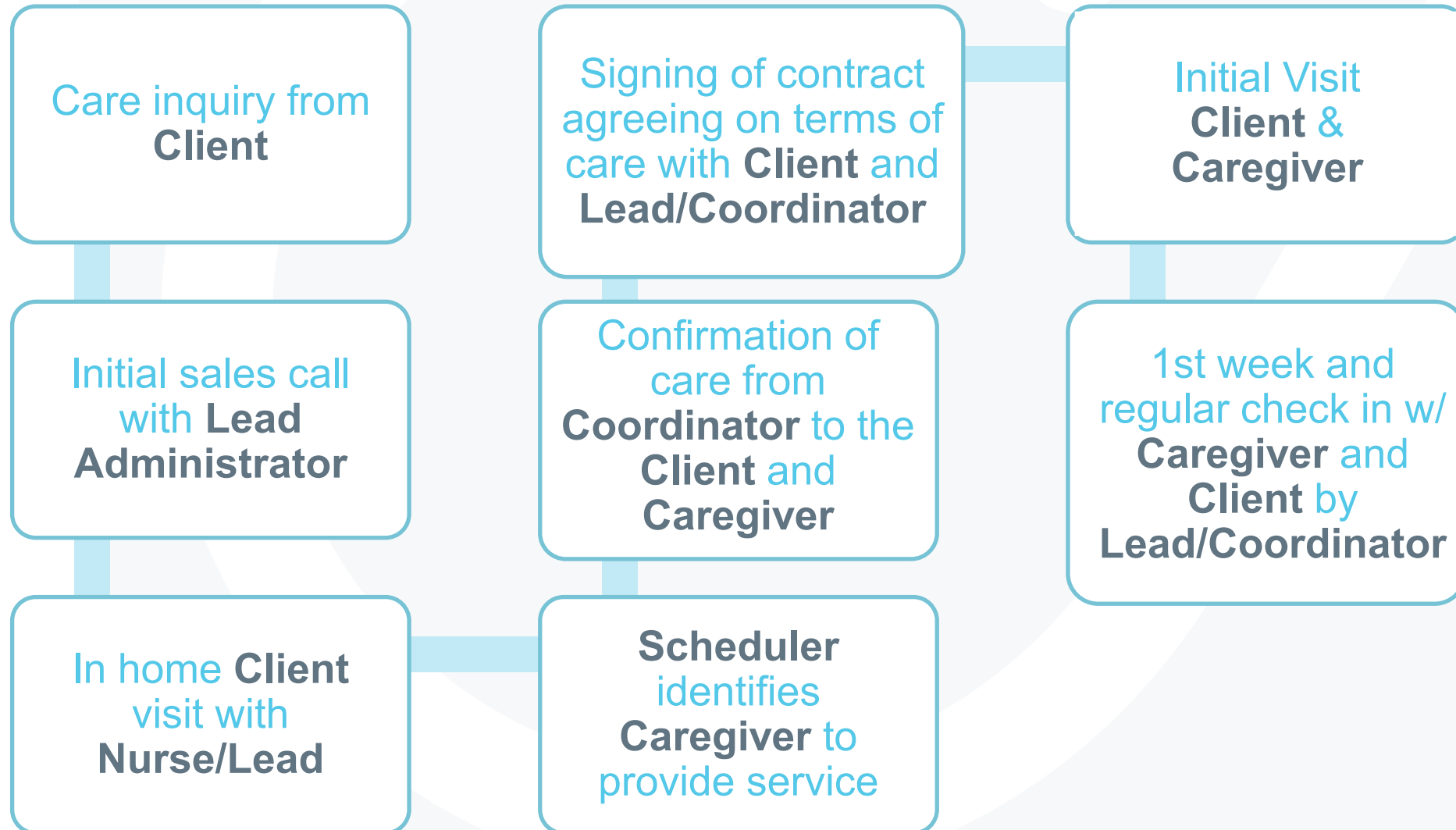


Requirement varies by state and if client requires medical oversight

Operations Journey



Business Journey





4 Essential Activities Of Any Home Care Business

MARKETING



SCHEDULING



BILLING



COMMUNICATION



MARKETING



**Best referral sources
are clients and
caregivers**

Why?

To attract caregivers and clients to the cooperative

How?

Digital Marketing—Social Media, Website, Paid Ads

Traditional Marketing—Newspapers, flyers, job fairs

Referral Partnerships—Discharge nurses, Hospice Institutions

What?

Ask how people heard of you

Be intentional about where you put your time and effort

Regularly solicit feedback

Why?

To keep revenue flowing into the cooperative

How?

Invoicing clients at a timely and consistent rate

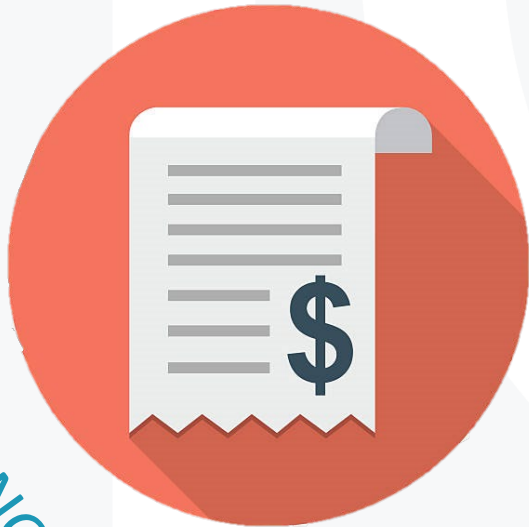
What?

Maintain Cash Flow and A/R to pay payroll and the co-op's expenses

Nurture your payer and referral relationships

Ensure your service rate is on par with local competitors

BILLING



Scheduling



Why?

To make sure clients get care, and caregivers get hours

How?

Client Management Software, Online Calendar, Excel—it needs to be able to be digitally distributed

What?

Make sure your caregivers are working the number of hours they want

Client + Caregiver Matchmaking is an art form

As a cooperative grows this function needs to be designated to a specialized role ASAP



SCHEDULING

Communication



Why?

To be informed of the good and the bad ASAP

How?

Care management software, one-way telephony, text, email

What?

Engagement with caregivers so that they feel informed, and you understand their needs

Asking for feedback and collecting reviews so you can fix problems early

Communication with client and client's family to ensure satisfaction and retention of business



COMMUNICATION

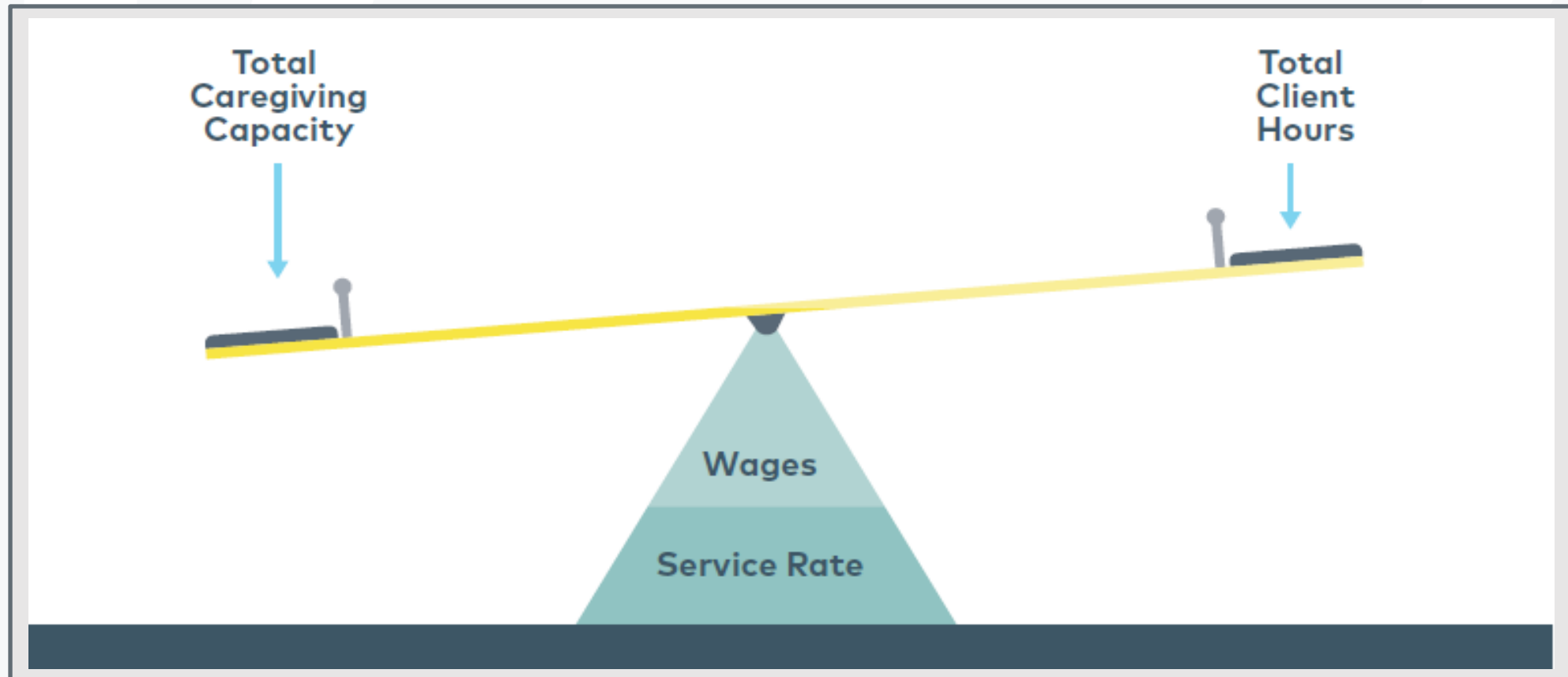
Balancing Act



Are interdependent and need to be focused on continuously

Caregiver recruitment

Client acquisition



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Let's Talk About Money

Who pays for home care?

PRIVATE PAY

Higher fee for service

Smaller pool of clients -
More competitive

PUBLIC PAY

Lower service
reimbursement rate

Large pool of clients

HOME CARE INDUSTRY REVENUE
BY SOURCE, 2017



Public Programs	73%
Private Payers	27%

Revenue

Direct
Expenses

Indirect
Expenses

Profit

Revenue

Direct
Expenses

Indirect
Expenses

Profit

The income generated by providing services

Revenue is measured through the amount of **Client Hours** and your **Service Rate**

Service Rate—Needs to be on par with local rates and reflective of the level of service

Lots of Client Hours = Good

Lots of Long Shifts = Better

Revenue

Direct Expenses

All costs directly associated with providing services. Services that produce Revenue

Direct Expenses are measured through the amount of **Caregiving Hours** and the **Caregiving Costs**

Caregiving Costs are what the business pays for each hour of care.

It includes wage rate, taxes, benefits, overtime, travel reimbursement

Indirect Expenses

Profit

Revenue

Direct Expenses

**This is your
Gross Profit**

Indirect
Expenses

Direct Expenses are measured through the amount of **Caregiving Hours** and the **Caregiving Costs**

Caregiving Costs are what the business pays for each hour of care.

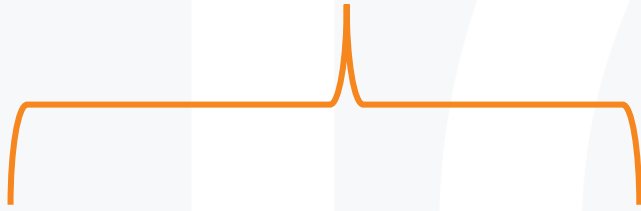
It includes Wage Rate, Taxes, Benefits, Overtime

Profit

Revenue

Direct Expenses

Pay for indirect costs
with gross profit



Indirect Expenses

Profit

Revenue

Direct Expenses

Pay for indirect costs
with gross profit

**All costs that do not produce Revenue.
Not directly associated with providing
costs**

Indirect Expenses

Indirect Expenses are also
referred to as **Overhead**

**Indirect Expenses are rent, admin
wages, marketing activities,
software costs, equipment
purchases**

Profit

Revenue

Direct Expenses

This is your
Profit

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Profit

Revenue

Direct Expenses

Indirect Expenses

Revenue left after you've paid all the cooperative's expenses

Profit is what you pay **Taxes** with

Things a co-op can do with profit—distribute patronage, raise wages, save it, invest it in a tool that can help the cooperative grow—marketing systems, hire more administrative staff



Profit

Key Metrics to follow



**These metrics help you see and show
the health of your cooperative**

Margins

Gross Margin
Profit Margin

Operational

Client Hours
Total active clients
Caregiver tenure
Caregiver turnover

Financial

Revenue
**Average service rate
(Public & Private)**
**Average hourly wage
(Blended rate)**



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ACTIVITY TIME!

Helping Hands Cooperative



5 Caregivers

10 clients a month

3 visits per client every week

5 hours of services each visit = 15 hours per week

The lead administrator chooses to work 75% PT at the cooperative.

A mile travel for each customer (average)
30 minutes to and from the client

Private pay service rate is \$27/hour

Care wage = \$16/hour

\$0.66 per mile

Travel time wage = \$10/hour

Annual salary for administrator = \$50,000

Provide 30 hours of services per week

Helping Hands was incubated by a CDC and operates out of the non-profit's office



Helping Hands member-owners want to increase caregiver wages from \$16 to \$20 an hour, how can we do that?

74 King St, Northampton, MA 01060 | 617-232-8765



HOME CARE

Thank you for your time!

Iwona Matczuk
imatczuk@icagroup.org

Stephanie Sucasaca
ssucasaca@icagroup.org

The ICA Group, the oldest national organization in the country dedicated to the development of worker cooperatives, was founded on the belief that all people should enjoy economic self-determination as a means to foster an environment where the livelihoods of workers and the communities where they live are stable and secure. We strive to facilitate this society by acting as a catalyst for the groups that work to ensure that workers have a meaningful voice in their own future economic and through the development of companies that put these ideals into practice. www.ica-group.org