



Home Health Care

Find and Pay for a Dependable Caregiver



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The vast majority of elderly people receiving long-term care assistance live at home, not in a nursing home. Caregivers are needed to provide for those seniors, and the senior population is only growing. The Bureau of Labor Statistics predicts that the number of home health care workers will increase by 41 percent between 2016 and 2026.

But hiring a home health care worker is a daunting prospect. This person will hold your loved one's life in their hands. You want a hard worker who is trustworthy and caring. This guide provides information on how to find, vet, and hire a caregiver as well as information on paying for caregivers and the employment laws regarding them.

GETTING STARTED

Determining What You Need

The first step in hiring a caregiver is figuring out exactly what level of care is needed. This will determine what type of caregiver to hire and how much the caregiver will cost. There are three main choices, in ascending level of skill:

- A home care aide or personal care assistant provides companionship and socialization and assists with meal preparation, housecleaning, laundry, shopping, and errands.
- A home health aide provides personal care (bathing, grooming, etc.), assists with range-of-motion exercises, provides some medically-related care (emptying colostomy bags, dressing dry wounds, checking blood pressure, etc.), and provides assistance with housekeeping and errands.

- Nursing assistants and skilled nursing providers offer more direct medical assistance such as taking vital signs, administering drugs, and changing wound dressings. Some may be trained to provide physical, occupational, or speech therapy.

If you need help in making this determination, you can also hire a geriatric care manager to evaluate your or your loved one's needs and review the available options.

To find a geriatric care manager in your area, visit the web site of the Aging Life Care Association at aginglifecare.org.

Hiring Directly or Through an Agency

When looking for a caregiver, you need to decide whether you want to go through an agency or hire one directly yourself. There are advantages and disadvantages to both.

Hiring directly

When you hire a caregiver directly, you need to consider all the tax and liability issues. As an employer, you are responsible for filling out insurance and tax forms, filing payroll taxes, and verifying that the employee can legally work in the United States.

The benefit of hiring a caregiver directly is that you have control over whom you hire and can choose someone who you feel is right for your family. You also have the opportunity to create an ongoing relationship. Individual caregivers may be more flexible about hours than those hired through a home health agency. In addition, hiring privately is usually cheaper than hiring through an agency.

Using an agency

When you hire through a home health agency, the agency is the employer, so you don't need to worry about tax and liability issues. The agency takes care of screening the employees, doing background checks, and providing insurance. In addition, a licensed home care agency must provide ongoing

supervision to its employees. It can help the employees deal with difficult family situations or changing needs. The agency may also be able to provide back-up if a regular caregiver is not available.

The downside of going through an agency is not having as much input into the selection of the caregiver. In addition, caregivers may change or alternate, causing a disruption in care and possible confusion.

PAYING FOR HOME HEALTH CARE

Home health care costs can add up quickly. In 2018, the median cost for non-medical home care through an agency was \$21-\$22 per hour, according to Genworth's 2018 Cost of Care survey. Independent caregivers typically charge less than caregivers hired through an agency. There are some options available to help cover the cost of home care. What works for you will depend on your family circumstances and the type of care needed.

Long-Term Care Insurance

If you planned ahead and purchased a long-term care policy, the policy may cover home health care. Usually, in order for you to use a long-term care policy, you must need help performing two or more activities

of daily living (ADLs). The basic ADLs are eating, bathing, getting dressed, toileting, transferring, and continence.

Your long-term care insurance policy will specify exactly what is needed to

Home health care costs can add up quickly, but options are available to help cover those costs, including long-term care insurance, Medicare, Medicaid, or veterans' benefits.

get the benefit of the policy. The policy may also have a waiting period before you can begin receiving benefits.

Medicare

Medicare covers some home health care, but it does not cover non-medical home health aides. You are entitled to Medicare coverage of your home health care if you meet the following requirements:

- You are confined to your home (meaning that leaving it to receive services would be a "considerable and taxing effort").
- Your doctor has ordered home health services for you.
- At least some elements of the services you receive are "skilled" (intermittent skilled nursing care, physical therapy or speech therapy).



If you need an element of "skilled" care, then you will also be entitled to Medicare coverage of social services, part-time or intermittent home health aide services, and necessary medical supplies and durable medical equipment. You can receive up to 35 hours of services a week, although few beneficiaries actually get this level of service. You are entitled to the same level of services whether you are a

member of a Medicare Advantage plan or are enrolled in traditional fee-for-service Medicare. Medicare recipients do not have to pay anything for these services except 20 percent of the cost of medical supplies and equipment, which is covered by some supplemental (Medigap) policies.

Be warned that some providers may attempt to deny Medicare coverage if you are not improving. This is based on an outdated and erroneous interpretation of the law. The rule is that Medicare must cover inpatient skilled nursing care and outpatient home care and therapy as long as the treatment helps the patient maintain his or her current status or simply delays or slows his or her decline. Unfortunately, many providers do not know the rule, so if you are wrongly denied coverage, you may need to make the provider aware of the law.

Medicaid

Traditionally, Medicaid has paid for long-term care in a nursing home, but because most people would rather be cared for at home and home care is cheaper, all 50 states now have Medicaid programs that offer at least some home care. In some states, even family members can get paid for providing care at home.

Medicaid's home care programs are state-run, and each state has different rules about how to qualify.

Medicaid is a joint federal-state program that provides health insurance coverage to low-income children, seniors, and people with disabilities.

In addition, it covers care in

a nursing home for those who qualify. Medicaid home care services are typically provided through home- and community-based services "waiver" programs to individuals who need a high level of care, but who would like to remain at home.

Medicaid's home care programs are state-run, and each state has different rules about how to qualify. Because Medicaid is available only to low-income individuals, each state sets its own asset and income limits. For example, in 2019, in New York an applicant must have income that is lower than \$845 a month and fewer than \$15,150 in assets to qualify. But Minnesota's income limit is \$2,250, while its asset limit is \$3,000, and Connecticut's income limit is also \$2,250 but its asset limit is just \$1,600.

States also vary widely in what services they provide. Some services that Medicaid may pay for include:

- In-home health care
- Personal care services, such as help bathing, eating, and moving
- Home care services, including help with household chores like shopping or laundry
- Caregiver support

- Minor modifications to the home to make it accessible
- Medical equipment

In most states it is possible for family members to get paid for providing care to a Medicaid recipient. The person needing care must apply for Medicaid and select a program that allows the recipient to choose his or her own caregiver, often called "consumer-directed care." Most states that allow paid family caregivers do not allow legal guardians and spouses to be paid by Medicaid, but a few states do. Some states will pay caregivers only if they do not live in the same house as the Medicaid recipient.

Veterans' Benefits

For veterans and the surviving spouses of veterans who need in-home care, help may be available from the Veterans Administration (VA). The VA has an underused pension benefit called Aid and Attendance that provides money to those who need assistance performing everyday tasks. Even veterans whose income is above the legal limit for a VA pension may qualify for the Aid and Attendance benefit if they have large medical expenses for which they do not receive reimbursement.

Aid and Attendance is a pension benefit, which means it is available to veterans who served at least 90 days, with at least one day during wartime. The veteran does not have to have service-related disabilities to qualify. Veterans or surviving spouses are eligible if they require the aid of another person to perform an everyday action, such as bathing, feeding, dressing, or going to the bathroom. This includes individuals who are bedridden, blind, or residing in a nursing home.

To qualify, a veteran (or spouse) must have a net worth limit of \$127,061 (in 2019). This number includes both the applicant's assets and income. It will be indexed to inflation in the same way that Social Security increases. An applicant's house (up to a two-acre lot) will not count as an asset even if the applicant is currently living in a nursing

home. Applicants will also be able to deduct medical expenses from their income. This can include Medicare, Medigap, and long-term care insurance premiums; over-the-counter medications taken at a doctor's recommendation; long-term care costs, such as nursing home fees; the cost of an in-home attendant who provides some medical or nursing services; and the cost of an assisted living facility. These expenses must be unreimbursed (in other words, insurance must not pay the expenses). The expenses should also be recurring, meaning that they should recur every month.

Applicants have to disclose all financial transactions completed three years before the application.

There is also a three-year look-back to determine if the veteran transferred assets in order to qualify for benefits. Applicants will have to disclose all financial transactions they were involved in

for the three years before the application. Applicants who transferred assets to put themselves below the net worth limit within three years of applying for benefits will be subject to a penalty period that can last as long as five years. This penalty is a period of time during which the person who transferred assets is not eligible for VA benefits. There are exceptions to the penalty period for fraudulent transfers and for transfers to a trust for a child who is unable to "self-support."

The VA will determine a penalty period in months by dividing the amount transferred that would have put the applicant over the net worth limit by the maximum annual pension rate (MAPR) for a veteran with one dependent in need of aid and attendance. For example, assume the net worth limit is \$127,061 and an applicant has a net worth of \$115,061. The applicant transferred \$30,000 to a friend during the look-back period. If the applicant had not transferred the \$30,000, his net worth would have been \$145,061, which exceeds the net worth limit by \$18,000. The penalty period will be calculated based on \$18,000, the amount the applicant transferred that put his assets over the net worth limit (145,061-127,061). [Find your MAPR.](#)

How Aid and Attendance works

The amount of benefits a person receives depends on his or her income. The VA pays the difference between the veteran's income and the MAPR, which for a single veteran is \$22,577 in 2019. For example, John, a single veteran, has income from Social Security of \$16,500 a year and a pension of \$12,000 a year, so his total income is \$28,500 a year. He pays \$20,000 a year for home health care, \$1,122 a year for Medicare, and \$1,788 a year for supplemental insurance, so his total medical expenses are \$22,910. Subtracting his medical expenses from his income (\$28,500 - \$22,910), John's countable income is \$5,590. John could qualify for \$16,987 (\$22,577 - \$5,590) in Aid and Attendance benefits.

Reverse Mortgage

If you own a home and are at least 62 years old, you may be able to pay for long-term care (or anything else) by taking out a reverse mortgage. Reverse mortgages, financial arrangements designed specifically for older homeowners, are a way of borrowing that transforms the equity in a home into liquid cash without having to either move or make regular loan repayments.

These arrangements permit house-rich but cash-poor elders to use their housing equity to, for example, pay for home care while they remain in the home, or for nursing home care later on. The loans do not have to be repaid until the last surviving borrower dies, sells the home or permanently moves out. (Warning: If both spouses are not on the reverse mortgage deed and the spouse who is on the deed dies first, the surviving spouse would be required to repay the mortgage loan in full or face eviction.)

In a reverse mortgage, the homeowner receives a sum of money from the lender, usually a bank, based largely on the value of the house, the age of the borrower, and current interest rates. The lower the interest rate and the older the borrower, the more that can be borrowed.

Homeowners can get the money in one of three ways (or in any combination of the three): in a lump sum, as a line of credit that can be drawn on at the borrower's option, or in a series of regular payments, called a "reverse annuity mortgage."

The most popular choice is the line of credit because it allows a borrower to decide when he or she needs the money and how much. Moreover, no interest is charged on the untapped balance of the loan.



Borrowers who take out a reverse mortgage still own their home. What is owed to the lender -- and usually paid by the borrower's estate -- is the money ultimately received over the course of the loan, plus interest. In addition, the repayment amount cannot exceed the value of the borrower's home at the time the loan is repaid.

All borrowers must be at least 62 years of age to qualify for most reverse mortgages. In addition, a reverse mortgage cannot be taken out if there is prior debt against the home. Thus, either the old mortgage must be paid off before taking out a reverse mortgage or some of the proceeds from the reverse mortgage used to retire the old debt.

The most widely available reverse mortgage product is the Home Equity Conversion Mortgage (HECM), the only reverse mortgage program insured by the Federal Housing Administration (FHA).

However, the FHA sets a ceiling on the amount that can be borrowed against a single-family house, which is determined on a county-by-county basis. High-end borrowers must look to the proprietary reverse mortgage market, which imposes no loan limits.

USING AN AGENCY

Finding and Choosing a Home Health Care Agency

There are thousands of private home care agencies around the nation. Some are franchises of national companies and some are independent operators. The difference between a franchise and an independent company is that the franchise may be required to follow the national company when it comes to policies, procedures, and pricing, while the independent operator may have more flexibility to come up with its own rules and procedures.

Almost all home health care agencies are Medicare-certified agencies, and three-quarters are Medicaid-certified, meaning that these two federal programs will reimburse for services provided by the agency if the services are covered. Such certification also means that the agency has met certain minimum federal standards regarding patient care and finances. Medicare.gov's Home Health Compare has information about the quality of care provided by Medicare-certified home health agencies throughout the nation.

To see how Medicare rates home health care agencies in your area and to compare agencies, go to [medicare.gov](https://www.medicare.gov). Your local Agency on Aging may also be able to help you sort through the home care agencies near you. To find the nearest Agency on Aging, go to eldercare.acl.gov.

When selecting an agency, you should consider the following:

- **Pricing.** How much does the agency charge and how often does it bill? Does the agency accept credit cards? Are there deposits or other fees? Does the agency bill Medicare or other insurance directly?
- **Hours.** Are services available 24/7? Does the agency have a minimum hourly requirement for services? What is the process for adjusting hours? Does changing hours change the caregiver? Do services begin immediately or is there a wait? If the scheduled

caregiver can't come, will the agency schedule a backup?

- **Services.** Does the agency provide all the services you and your loved one need now and may need in the future? Does the agency prepare a care plan? Does the agency arrange for delivery of medical equipment?
- **Staff.** What kind of staff does the agency have (e.g., personal care assistants, home health aides, nurses)? Does the agency do background checks on all employees? How is the staff trained? Is there a system for complaints? How closely does the agency supervise caregivers? Do the caregivers have references?

You should make sure the home health care agency is licensed, bonded, and insured. In addition to Medicare certification, home care agencies can also gain accreditation from private accrediting organizations. The three major accrediting groups for home care agencies are the [Community Health Accreditation Program](#), the [Joint Commission on Accreditation of Healthcare Organizations](#), and the [National Association for Home Care & Hospice](#).

HIRING DIRECTLY

Finding a Caregiver

The best way to find a caregiver to hire directly is usually a referral. You can ask for a referral from medical service providers, including discharge planners, doctors, nurses, or social workers. You can also ask around. Don't be afraid to ask your friends, family members, co-workers, and members of your church or other organizations you are a part of.

If you are unable to get a referral, the other option is to post the job on job sites like [craigslist](#) or [Care.com](#). You can also post the job on neighborhood message boards or Facebook groups and/or try posting on bulletin boards at local senior centers, retirement communities, or

community colleges and nursing schools. Your local Agency on Aging may have more information on the best way to find a caregiver in your area. To find the nearest Agency on Aging, go to eldercare.acl.gov.

Choosing a Caregiver

Once you have found potential caregivers, use the following questions to interview the candidates:

- ✓ Can you provide me with your full name, address, phone number, Social Security number and current photo ID so that I can run a background, including credit, check?
- ✓ Can you provide me with copies of current documentation related to personal insurance, bonding, workers' compensation, and current health status (TB test, immunizations, etc.)?
- ✓ Can you show or provide me with current documentation related to specific services and assistance (dementia care, CPR, etc.) you are trained/certified to provide?
- ✓ Are you willing to perform the duties required? (Be sure to include duties that may be needed in the future.)
- ✓ Tell me about your experience as an in-home aide -- how long you have been providing care, previous work situations, etc.?
- ✓ Can you provide me with references related to past clients and employers?
- ✓ Why did you leave your last position? (If they have not left this position, ask how they plan on coordinating schedules.)
- ✓ What are your expectations if I hire you?
- ✓ What hours and days will you be available?
- ✓ What hourly rate do you expect, and how do you expect to be paid?
- ✓ How do you like to get feedback and suggestions?
- ✓ What do you like and dislike about home care?
- ✓ How do you handle someone who is combative or difficult?
- ✓ Situation-specific questions related to specific issues, such as ability to prepare culturally appropriate foods or competency in the older person's language, should also be asked.

You should also make your expectations clear. It is a good idea to discuss how to handle tardiness or absenteeism as well as vacations and holidays.

Vetting a Caregiver

Once you've found a caregiver you like, you need to make sure the caregiver's story matches reality. The first step is to check the caregiver's references.

The [National Association of Professional Background Screeners](#) has a list of accredited firms that can do a search for a fee.

Ideally, you should have two or three references from former employers to call. You should also ask the caregiver for photo identification and make a copy of the ID or write down the information. If the caregiver will

be providing transportation, it is especially important to get a copy of the caregiver's driver's license and get proof of the caregiver's driving record. You can ask the DMV for driving records.

While you can do your own cursory background check by typing the caregiver's name into an Internet search engine, it is usually a better idea to hire an agency to do a professional background check. The [National Association of Professional Background Screeners](#) has a list of accredited firms that can do a search for a fee. You will need a signed release from the caregiver in order to do a background check.

CAREGIVER CONTRACT

When you are ready to hire a caregiver, you need to create a contract. The contract should include the terms of employment (expected days and hours), expectations for the job, job duties, and payment amount. It should also address vacation and sick days.

The contract should list the caregiver's specific responsibilities as clearly as possible. The following are things to consider including in a contract:

- **Meal planning and preparation.** Will the caregiver need to plan meals and snacks? How many meals and snacks? Does the caregiver need to assist with feeding? Does the caregiver need to do grocery shopping? Should the caregiver clean up?
- **Bedroom and bathroom help.** Does the caregiver need to assist with getting in and out of bed or going to the bathroom? Does the caregiver need to make the bed and change the linens? Does the caregiver need to help with showers/baths and grooming?
- **Social activities.** Is the caregiver expected to play games or read with the elder? What type of companionship should the caregiver provide?
- **Transportation.** Will the caregiver be driving to doctor (or other) appointments? What car will the caregiver use? If the caregiver isn't driving, does the caregiver need to arrange for alternate transportation?
- **General household.** Is the caregiver responsible for laundry? Does the caregiver have to clean? What cleaning does the caregiver have to perform (e.g., dusting, vacuuming, dishes, trash, etc.)?
- **Health.** Will the caregiver be providing physical, occupational, or speech therapy? Does the caregiver have to change wound bandages or administer medicine?

While there are sample caregiver contracts online, depending on the complexity of the arrangement it may be a good idea to talk to a lawyer to make sure you aren't missing anything.

Hiring a Family Member

It is possible to hire a family member as a caregiver. Many people are willing to voluntarily care for a parent or loved one without any promise of compensation. But if you are planning to pay the family member, it is especially important to enter into a caregiver contract (also called a personal service or personal care agreement) with the family member.

If you are planning to pay a family member as a caregiver, it is important to enter into a caregiver contract with the family member.

The contract rewards the family member doing the work. It can help alleviate tension between family members by making sure the work is fairly compensated. In addition, it can be a key part of Medicaid planning, helping to

spend down savings so that the elder might more easily qualify for Medicaid long-term care coverage, if necessary.

The following are some things to keep in mind when drafting a caregiver contract:

- **Meet with your attorney.** It is important to get your attorney's help in drafting the contract, especially if qualifying for Medicaid is a goal.
- **Caregiver's duties.** The contract should set out the caregiver's duties, which can be anything from driving to doctor's appointments and attending meetings with doctors to grocery shopping to help with paying bills. The length of the term of the contract is usually for the elder's lifetime, so it is important to cover all possibilities, even if they are not currently needed. The contract can continue even if the elder enters a nursing home, with the caregiver acting as the elder's advocate to ensure the best possible care.
- **Payment.** Payment to the caregiver can either be made with a lump-sum payment or in weekly or monthly installments. For Medicaid purposes, it is very important that the pay not be excessive. Excessive pay could be viewed as a gift for Medicaid eligibility purposes. The pay should be similar to what other

caregivers in the area are making, or less. To calculate a lump-sum payment, take the monthly rate and multiply it by the elder's life expectancy. (Note that some states, Georgia for example, do not recognize the ability to create a lump-sum contract based upon life expectancy.)

- **Taxes.** Keep in mind that there are tax consequences. The caregiver will have to pay taxes on the income he or she receives.
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EMPLOYER RESPONSIBILITIES

If the caregiver is your employee, you must follow federal and state employment law with regard to pay, hours, and taxes. The test for whether a worker is an employee rather than an independent contractor is if you direct the caregiver's work. If you hire a caregiver directly, you are presumed to be an employer. If you go through an agency, the agency is usually considered the employer and is responsible for making sure employment laws are followed.

Overtime and Minimum Wage Law

Home health care workers are entitled to minimum wage and overtime protections under federal law. If you are hiring a caregiver for yourself or an elderly loved one, you need to become familiar with the rules, even if the paid caregiver is a family member.

Under the Fair Labor Standards Act (FLSA), employers who hire casual babysitters and domestic service workers to provide "companionship services" to elderly persons or persons with illnesses, injuries, or disabilities are not required to pay the minimum wage or provide overtime pay. Therefore, if you directly hire a caregiver whose job is solely to keep the elderly person company (for example, taking the client for walks, playing games with the client, reading, or accompanying the client on errands), then FLSA protections do not apply.

However, the companionship services exemption is not applicable when the caregiver spends more than 20 percent of his or her workweek performing "care services." Care services are defined as assisting the client with activities of daily living, including dressing, feeding, bathing, toileting, transportation, light housework, managing finances, taking medication, and arranging medical care. Caregivers who perform tasks for the entire household and caregivers who perform medical services are also not covered under the companionship exemption. In addition, if a home health care agency is the caregiver's employer, the home health care agency cannot ever claim the companionship exemption.



The rules for live-in caregivers are slightly different. If you hire the live-in caregiver directly, you must pay the caregiver minimum wage, but you are not required to pay overtime. Third-party employers (such as health care agencies) that hire live-in workers are required to pay overtime. Under the FLSA, to be a "live-in" home care worker, the worker must either live at the client's home full-time or spend at least 120 hours or five consecutive

days or nights in the client's home per week. Caregivers who live with clients are not necessarily working the entire time they are at the house, and employers do not need to pay for sleep time, mealtime, or other off-duty time.

You can hire family members as care workers and the same rules apply to them as to non-family care providers. If you hire family members, you must pay them overtime and minimum wage as long as they are spending more than 20 percent of their time on care services. However, it is very important to have a written plan of care detailing the family member's working hours and obligations, so it is clear what is work time and what is family time.

The federal minimum wage in 2019 is \$7.25 per hour, but states or cities may have higher minimums. Employees who are entitled to overtime pay can receive one and a half times their normal rate for every hour worked over 40 hours a week.

The Department of Labor has produced a "Paying Minimum Wage and Overtime to Home Care Workers" guide for families on the FLSA requirements. [View the PDF guide.](#)

Taxes

If you are an employer, you are responsible for paying taxes on your employee's wages. The first step is to get an employer identification number from the IRS website. You will also need to check the worker's immigration status. The caregiver must complete Form I-9, Employment Eligibility Verification before being hired. The form requires you to examine documents that establish the worker's identity and employment authorization. You do not need to file the form with the government, but you should keep it in case you are audited.

You're not required to withhold federal income tax from wages you pay a household employee unless the employee asks you to withhold it and you agree. If the employee would like taxes withheld, he or she must give you a completed Form W-4. You both can agree to end the withholding by letting the other person know in writing.

You will also need to pay Social Security and Medicare taxes if you pay your employee wages of \$2,100 or more (in 2019). Both you and your employee must pay 7.65 percent of your employee's wages in order to cover the taxes (a total of 15.3 percent). You're responsible for payment of your employee's share of the taxes as well as your own. You can either withhold your employee's share from the employee's wages or pay it from your own funds.

If you pay your employee wages of \$1,000 or more in 2019, you will also need to pay unemployment tax of 6 percent of your employee's wages. If your employee's wages reach \$7,000 during the year, you

do not need to pay the unemployment tax on any wages you pay that employee during the rest of the year. To make these payments you should attach Schedule H (Form 1040) to your income tax return.

Note: If the caregiver is your spouse, parent, or child under age 21, then you do not have to pay employment taxes, although you still must report the caregiver's wages on a Form W-2.

See a [full rundown of an employer's tax responsibilities](#) from the IRS.

To find a qualified elder law attorney, go to elderlawanswers.com.