



Considerations When Hiring Private Caregivers

Families seeking caregivers to care for their loved one in their home have two options: Getting the service through a licensed home care company—an agency caregiver for Home Health Care services like Home Instead, Brightstar, etc. —or directly hiring an independent caregiver who provides those services. This decision can be difficult and complex, as each option has its pros and cons. Below are some items to consider.

The following considerations are not meant to be legal advice, nor should they be the only factors you consider. Please be sure to consult with an attorney and/or tax professional.

Key Considerations:

- Affordability
- Availability
- Compatibility
- Changing Care Needs
- You're the employer now

Affordability

Affordability is often one of the first reasons a family may consider hiring an independent caregiver.

Agency caregivers are typically more expensive than independent caregivers. One of the biggest factors for the difference in cost, is that the agency takes on the role of the employer so you don't have to. As a result, the agency's administrative costs are higher because they hire, manage, train and pay their caregivers.

Availability

Having a caregiver available when you need them is important. Agency caregivers usually have a pool of staff that are available 24 hours a day, 7 days a week, including weekends and holidays. The pool of staff will make it easier for an agency to cover your service needs when your caregiver is out ill, injured, or on vacation.

Compatibility

One of the primary reasons family may hire an independent caregiver is because they may already know the caregiver. Many long term care policies may not reimburse for services provided by a relative. Make sure to check the benefits of your long term care policy if you plan to hire a relative that is not employed through an agency.

Agency caregivers also strive to create positive relationships with their clients. An independent caregiver should always be a qualified service provider, not a family member.

Changing Level of Services Your Loved One Requires

It is important to know what your long term care insurance will cover for services provided by an independent caregiver and what documentation they require to satisfy their claim submission requirements. Even if your independent caregiver is approved for providing services, certain services could be excluded from coverage.

Agencies usually have multiple staff with a wide variety of skills and experience that can provide a wide range of services to meet your needs. Be sure to check with your agency to understand if they prohibit staff from providing any services your loved one may require.

Independent caregivers can often assist with a wider range of tasks than those from an agency. Depending on their training and your family's comfort level they may be able to provide "handyman" services to repair or improve the home but be sure to check with your insurance company as some of services may not be covered.

You're the Employer Now

For tax purposes, someone is considered your household employee if you dictate what work they perform in and around your home and how it is done. An independent caregiver is your household employee if they receive instructions on how to care for your loved one from you or another member of the family and you supply the equipment they need. See IRS publication [Topic No. 756 Employment Taxes for Household Employees](#) for additional information.

Unlike household employees, self-employed individuals (including independent contractors) determine how they do their work and furnish their own equipment and supplies. Most independent caregivers are not independent contractors.

An agency is responsible for many things that you might not wish to, or have the time to, undertake with an independent care giver such as:

- Interviewing, hiring, firing, background and reference checks, education and training verification, scheduling, and legal documents like an employment contract and employee handbook.
- Continued education and training.
- Agencies must be licensed, bonded and insured.
- Payroll, tax deduction, Social Security & Medicare withholdings, unemployment taxes (State and Federal), workers compensation insurance, monitoring changes in labor laws, and annual filings to governmental agencies.
- Attracting employees through wages and benefits such as health, dental, disability, and life insurances as well as retirement plans.

Hiring someone to come into your loved ones' home is a significant decision, but hopefully considering these points will help make your decision easier.

