BUSINESS STARTUP GUIDE AND WORKBOOK

Senior Services Guide

Care that shows up.

A start-to-finish guide to the non-medical senior services business — companionship, homemaking, transportation and personal care, the agency model.

Veteran's Strategic Solutions LLC — Business Model Series

Before anything else

Two things decide whether you can be in this business at all. Check both this week, before you spend a dollar.

One: can you pass a background check? States bar people with specified offenses from working as caregivers at regulated entities, and in most licensing states that screening applies to the owner and administrator, not just the staff. A disqualifying record can end your application after you have paid the fees. Find out first.

Two: are you willing to run a payroll? This business is people, and in most states you cannot legally deliver it with independent contractors. If you are not prepared to be an employer — real wages, real withholding, real workers' compensation — this is the wrong trade, and Part 3 explains exactly why the shortcut everyone tries does not work.

What this business actually is

You send a person to an older adult's home to help them keep living there. Meals, laundry, shopping, errands, rides to appointments, keeping the house running, and company. Families pay by the hour, usually out of pocket, often because the alternative is a facility that costs three times as much.

You are selling reliability, not care. Any decent person can keep an 83-year-old company for four hours. What families are paying for is that somebody arrives every Tuesday and Thursday at nine, that it is the same somebody, and that when she is sick another trained person is at the door instead of nobody.

What it is not

It is not medical. No wound care, no injections, no clinical assessments, no clinical judgement. That is home health, it needs licensed clinicians, and it is a different business with a different licence.

It is not a staffing app. You are responsible for who walks through that door.

And in most states it is not hands-on personal care either — not without a specific licence. Where that line sits is the first thing to understand.

The line that defines your business

Care work splits into two categories and the split is legal, not just descriptive.

IADLs — instrumental activities of daily living. Running a household and a life: meal preparation, housekeeping, laundry, shopping, errands, transportation, medication reminders, managing communication, companionship. This is homemaker and companion care.

ADLs — activities of daily living. The body: bathing, dressing, grooming, toileting, transferring from bed to chair, feeding. This is personal care.

Companion care covers IADLs. Personal care covers ADLs and usually IADLs alongside them. The moment routine hands-on ADL help is needed, you are in the personal care category — and in some states an agency licensed only for homemaker and companion services is specifically prohibited from

providing hands-on personal care.

That prohibition is the trap, because the drift is natural. Your caregiver is there anyway, the client is unsteady getting out of the tub, and helping seems obviously right. Do it and you may have exceeded your licence, voided your insurance, and created a fall you are liable for.

Decide which business you are in, put it in writing, and train your caregivers on the exact sentence to say when a client asks for the other one.

The honest gut check

1. Can you be woken at 5:40am by a caregiver calling in sick, and have somebody at that door by seven? That is the job. Not the care — the coverage.

2. Can you fire someone kind? You will hire a caregiver who is warm, who the client likes, and who is unreliable. Warmth does not cover a shift. If you cannot let that person go, you will lose the client instead.

3. Can you carry a month of payroll before you get paid? The numbers are in Part 2. This is the one that closes agencies.

None of these is a verdict. But they are the actual job, and they are not what most people picture.

Snapshot

Metric	Value
Startup cost, lean	$14,500–$25,000
Startup cost, properly capitalised	$30,000–$50,000
Licence required	State-dependent, and the answer differs for companion-only vs personal care
Federal licence	None exists
National median bill rate	$35/hour (2025 CareScout/Genworth)
Caregiver wage, agency W-2	$14–$22/hour, state floors rising
Direct labour as % of revenue	57–61%
Strong agency net margin	15%+
Minimum shift	2–4 hours — not optional
The number that kills you	Payroll float
Employment classification	W-2 in almost every case. See Part 3.

PART 1

Making it a real business

1. Structure. An LLC, not a sole proprietorship. You are sending employees into the homes of vulnerable people. State filing runs roughly $35 to $500, US average near $132, plus annual report costs from $0 to $800; check licensing, zoning, and tax rules for your own city and state before starting.

2. EIN. Free at irs.gov, about five minutes. Formation services charge $50 to $100 for it. Do not pay them.

3. Business bank account, separate from personal, from the first dollar.

4. Find out what your state actually requires — and ask the question precisely. There is no federal home care licence. Each state decides, and requirements vary enormously.

So do not ask “do I need a home care licence?” Ask your state health department this:

> *“I intend to provide [companionship, homemaking and transportation only] or [hands-on personal care with ADLs], on a private-pay basis, with W-2 employees. What licence, registration or certification does that require?”*

Every clause in that sentence changes the answer.

5. Background checks and fingerprinting for anyone entering a client’s home. Most licensing states require criminal-history screening and fingerprinting for the owner and administrator before the application is approved, and every serious agency runs the same screening on every caregiver before a first visit and on a recurring cycle after that. Set up your background-check vendor now, because a disqualifying result found after you hire is a liability event, not a paperwork problem.

6. Liability and bonding insurance sized for in-home elder care. General liability, professional liability and a dishonesty/fidelity bond are not optional here — your caregivers are alone in a vulnerable person’s home, handling keys and sometimes money. Get quotes before you file the paperwork; the real premium numbers are what tell you whether “lean” or “properly capitalised” is the honest budget for your market.

7. Systems before staff. Scheduling software with mobile clock-in, a background check vendor, a payroll provider. Set these up before your second caregiver, not after.

8. Self-employment and payroll tax. On your own draw, 15.3 percent self-employment tax on net income, with quarterly estimates if you expect to owe $1,000 or more federally — due 15 April, 15 June, 15 September and 15 January, moving to the next business day on a weekend or holiday. On your caregivers you are withholding and remitting as an employer, which is an entirely different obligation. Use a payroll service. Do not do this in a spreadsheet.

9. Mileage. If caregivers drive clients or run errands, you reimburse. Sources conflict on the 2026 IRS business rate — I have seen both 70 and 72.5 cents. Check irs.gov directly rather than trusting either figure, including mine.

PART 2

What it costs to start

Item	Lean	Properly capitalised
Licence / registration / application	$500	$3,000
General + professional liability, year one	$1,500	$4,000
Workers' comp deposit	$1,000	$3,000
Dishonesty bond	$500	$1,000
Scheduling software + payroll service, year one	$1,500	$5,000
Background checks and screening (10 hires)	$500	$1,200
Recruiting and job advertising	$1,000	$3,000
Policy manual, contracts, legal review	$1,000	$3,000
Marketing, website, business development	$1,000	$4,000
Payroll float — see below	$6,000	$18,000
Total	about $14,500	about $45,000

The payroll float is the line nobody plans for and it is the one that closes agencies.

You pay caregivers every two weeks. Private-pay families are mostly good, but VA and Medicaid run 30 to 90 days behind. One slow account means you are funding another organisation's care out of your own bank balance for a month.

At the working scale in Part 7 — 200 billable hours a week — one month of payroll is roughly $17,000 that must be in the bank before you invoice a dollar. Even at four clients you need several thousand. A profitable agency with no float is an agency that misses a Friday, and in this trade you do not survive missing a Friday. Caregivers leave immediately, and they tell each other.

PART 3

The law you are now subject to

Employees, not contractors — and here is exactly why

Every new agency owner has the same idea: pay caregivers as 1099 contractors and skip the payroll tax, the workers' comp and the overtime. It is the single most expensive mistake available in this business.

The test is not what the contract says. It is how much control you exercise over how, when and where the work is done. You set the schedule, you set the rate, you assign the client, you can dismiss the caregiver — that is an employment relationship in substance, whatever the paperwork calls it. Flexible scheduling alone does not make someone a contractor.

The enforcement is real and current. Maryland's Joint Enforcement Task Force on Workplace Fraud identified approximately 5,500 misclassified workers and approximately $36 million in unreported wages in its 2024 annual report. Home healthcare and companion-care misclassification is a recurring category in federal and state wage-and-hour enforcement, and agencies that lose these cases face back wages, liquidated damages and attorneys' fees on top of the underlying judgment. Exposure includes back wages, unpaid overtime, back payroll taxes, penalties, and private lawsuits by the workers themselves.

There is one legitimate alternative structure, and you must understand what it costs you. A caregiver registry does not employ anyone. It refers genuinely independent caregivers who set their own rates and choose their own clients, and the employment relationship runs between the caregiver and the family. That is a real business model. But it only holds if you actually give up control: you cannot set rates, direct the work, or control schedules. If your registry operates like an agency, it is an agency, and you will be assessed as one.

The overtime rules are mid-change right now — read this even though it is dry

The FLSA has long exempted "companionship services" from minimum wage and overtime. A 2013 DOL rule barred third-party employers like agencies from claiming that exemption. It survived a D.C. Circuit challenge and took effect 12 November 2015. For a decade, agencies have owed minimum wage and overtime.

That is now in flux. On 2 July 2025 DOL proposed rescinding the 2013 rule. On 25 July 2025 it issued Field Assistance Bulletin 2025-4, instructing investigators to stop enforcing the rule immediately — no new investigations and no enforcement action against a third-party agency claiming the exemption. A final rule is expected late 2026 or early 2027.

Three things that have not changed, and they matter more than the headline:

- The 2013 rule is still on the books. Non-enforcement is not repeal.
- None of this affects private lawsuits. A caregiver who believes she was underpaid during this period can still sue.

- None of it touches state misclassification law, which in several states is stricter than the federal test.

The practical instruction: budget as though you owe overtime. If the rule changes in your favour, that is upside. If you build a business that only works by not paying overtime, you have built it on a rule that is currently unenforced rather than repealed.

Background checks and who you may hire

Check licensing, zoning, and tax rules for your own city and state before starting.

Run them on everyone, including family and including people you have known for years, and re-run them on a set cycle. The one you skip is the one that matters.

Mandated reporting

In most states caregivers and agency staff are mandated reporters of suspected elder abuse, neglect or exploitation — including financial exploitation, which is the form most likely to be committed by a family member. Learn your state's reporting duty and number, write it into your policy manual, train every caregiver on it, and make clear that reporting is not optional and not the owner's decision.

Your caregiver may be the only person outside the family who regularly sees that client. That is a responsibility before it is a liability.

Client money — the rule that prevents most of the trouble

Caregivers do not handle client money, do not accept gifts, do not become a beneficiary, do not sign as witness, and do not hold a key without a written and logged arrangement.

Put it in the employee handbook, put it in the client agreement so the family knows it too, and enforce it without exception. When cash goes missing in an older person's house — and it will, because misplaced money is a normal part of cognitive decline — a documented no-handling policy is the difference between an awkward conversation and losing your business.

Where errands require money, use a written expense log with receipts and a countersignature.

PART 4

How your clients actually pay

Most of this business is private pay, out of savings, a pension, or an adult child's pocket. Medicare does not cover non-medical companion or homemaker care. Say that clearly in your first conversation, because families frequently arrive assuming it does.

Three other sources are worth knowing well.

VA benefits — the strongest funding source most agencies never learn

Aid and Attendance is a monthly, tax-free addition to a VA pension for wartime veterans and surviving spouses who need help with daily activities. For the year running 1 December 2025 to 30 November 2026 (a 2.8 percent COLA), the maximums are:

Category	Monthly maximum
Single veteran	$2,424
Married veteran	$2,874
Surviving spouse	$1,558
Two veterans married to each other	$3,845

The net worth limit for 2026 is $163,699, excluding the primary home and one vehicle.

Four things about it make it commercially important:

- It requires no service-connected disability and no VA health care enrolment — only qualifying wartime service.
- The money goes to the veteran as cash, and there is no restriction on who provides the care. They can hire you directly.
- It is a maximum, not a guaranteed cheque. The payment equals the maximum rate minus countable income, divided by twelve.
- And this is the part families get wrong: unreimbursed medical expenses, including what they pay you for care, are subtracted from countable income. Families who assume they earn too much frequently qualify once the cost of care is counted. Learning this properly will win you clients, because most agencies cannot explain it.

Separately, through the VA health system: the Homemaker and Home Health Aide program, where VA pays an approved agency directly to serve an enrolled veteran based on clinical need rather than disability rating; and Veteran-Directed Care, which gives the veteran a budget to spend on services they choose. Both require VA enrolment.

I could not verify what the VA actually pays agencies under those contracts — the rates are not published. You have to apply as a community provider and ask. Expect slow payment and build it into the float.

Long-term care insurance

Many policies pay once the person needs help with two or more ADLs or has documented severe cognitive impairment. Note the trap: companion-only care may not trigger the benefit, because the policy is written around ADLs. Ask the family for the policy's benefit trigger and elimination period early — the elimination period means the first 30 to 90 days come out of their pocket regardless.

Medicaid

State home and community-based services waiver programs pay for personal care, but becoming a Medicaid provider is a separate certification with its own rules, electronic visit verification requirements, audit exposure and slow payment. Do not start here. It is a year-two decision.

PART 5

Finding out whether your town supports this

Step 1 — Count the agencies in your county and the adjacent ones. Separate them into national franchises, local independents, and registries. Separate non-medical companion agencies from clinical home health, because they are different businesses.

Step 2 — Read the one-star reviews.

Step 3 — Call three as a family member. Ask the hourly rate, the minimum shift, how soon they could start, what happens when the regular caregiver is sick, and whether you get the same person. Write down how long it took a human to call you back.

Step 4 — Call the discharge planner at your local hospital and the social worker at a skilled nursing facility. Ask who they refer to and what they wish were different. This is the highest-value call in the whole method, and it doubles as your first sales call.

Step 5 — Call your Area Agency on Aging. Every region has one. Ask what services are short in your area and where families struggle to find help.

Run the method in your area

Use the five steps above in your own market to evaluate agency coverage, service gaps, referral sources, and caregiver availability.

PART 6

Getting your first clients

Referral sources, in order of value:

- Hospital discharge planners and skilled nursing social workers. They place people under time pressure and they remember who answered the phone. Nothing else comes close.
- Area Agency on Aging and senior centres.
- Elder law attorneys and financial advisors. They see the money conversation and are frequently asked who to call.
- Assisted living communities. Counterintuitive but real — they refer people not ready to move yet, and they use private aides for residents needing one-to-one help.
- Churches, VFW and American Legion posts, and veterans' service organisations. If you understand Aid and Attendance, you have something specific to offer this room.
- Physical therapists and home health agencies, who see clients whose Medicare-covered skilled care is ending and who still need help.

What to actually say

To a discharge planner:

> *"I run a small agency and I want to be honest about capacity. I can take two new cases a week, and I will tell you no when I am full rather than take a case I cannot staff. When I say yes, somebody will be there."*

That sentence wins business from national franchises. Discharge planners get burned constantly by agencies that accept a case and then cannot cover it.

To a family on the first call:

> *"Before we talk about rates — tell me what a bad day looks like right now."*

You will learn more in two minutes than from any assessment form, and they will feel heard by someone for the first time in weeks.

When they ask whether Medicare covers it:

> *"It does not cover this kind of help, and I wish it did. But let me ask you two questions — did he serve in the military, and does anyone have a long-term care policy? Those are the two that people miss."*

When they say they need to think about it: they usually do, and the family is usually not agreed. Ask who else is part of the decision and offer to speak with them. The adult daughter calling you is often not the one who has to be convinced.

PART 7

The client service agreement

Never start care on a handshake. The agreement protects the client, the caregiver and you, and writing it forces you to decide things you would otherwise improvise badly at 6am.

Rate schedule, in full. Weekday hourly, weekend, holiday, overnight, live-in, and any short-shift or two-person-assist premium. State the billing increment — 15-minute or hourly — because that is a real source of disputes.

Minimum shift. Two hours is the common standard; some agencies use four. State it and hold it.

Cancellation, and this clause pays for itself. Published agreements require 4 to 24 hours' notice, with 24 the most common. Less notice and the visit is billed, or a four-hour minimum is charged. Give the client the real reason, because it is a good one and it is about the caregiver rather than your margin:

> *"My caregiver turned down other work to hold that shift and already drove to you. If you cancel with less than 24 hours, I still pay her — because that is the deal that makes her show up for you every other week."*

Holidays. Time-and-a-half is standard. Name the days: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas Day.

Weekend definition, if you charge a differential. One published agreement runs the weekend rate from 7pm Friday to 7am Monday. Ambiguity here produces arguments.

Hospitalisation and absence. What happens when the client is in hospital for three weeks. Do you hold the schedule, do they pay a retainer, or does the slot go to somebody else? Decide in advance, or you will either lose three weeks of revenue or lose the client on their return.

Direct-hire restriction — do not skip this one. The most common way an agency loses a client is the family working out that they can pay your caregiver $25 an hour directly instead of $35 through you.

Published agreements bar hiring a caregiver directly for 90 days after that caregiver last worked for the family, with a conversion fee if they do — one uses the equivalent of two months of service, another states a $10,000 figure. Put the same restriction in your employee handbook so both sides know. Explain it honestly rather than defensively:

> *"You are welcome to hire her directly, and some families do. If you go that route you become her employer — payroll taxes, workers' comp, and covering her yourself when she is sick. The clause exists because I recruited, screened, trained and insured her, and I do not want to be the free recruiting service."*

Severe weather. You may judge it unsafe to send caregivers. Say so in advance.

Termination. Either side, in writing, with a stated notice period.

Deposit. A two-week deposit is common and is your first line of defence on payment.

Client money and gifts — the no-handling rule stated to the family, not just to the staff. When cash goes missing in a house where someone has memory loss, a policy the family already read is worth more than any explanation offered afterwards.

And who to call. Names and numbers, including after hours. The single most common complaint in this trade is that nobody answered the phone.

PART 8

Dementia

A large share of home care clients have some cognitive impairment, and it changes the operation, not just the marketing.

Continuity stops being a preference and becomes a requirement. A person with dementia may not recognise a new caregiver, may become frightened or resistant, and may refuse care outright from someone unfamiliar. Rotating staff through a dementia client does not merely disappoint the family — it stops the care from working. This is the client where your caregiver retention rate is the whole service.

Matching matters more than availability. Pairing the right personality with the client is real work, and getting it wrong is worse than a delay of a week.

Your liability profile changes. Wandering, the stove, medications, the front door, driving. Do a home safety walkthrough at intake and write down what you found and what you recommended. If the family declines a recommendation, record that too.

The family conversation is completely different. The client may not agree they need help, and may tell you so at the door. The adult child booking the care is often managing guilt as much as logistics. Expect the first two weeks to be a negotiation rather than a service, and tell the family that in advance so they do not conclude it failed.

Train for it, then say so. Specific, teachable things: do not argue with a false belief, redirect instead of correcting, approach from the front, one instruction at a time, and treat late-afternoon agitation as expected rather than as a crisis.

On price: sources consistently say dementia care carries a higher rate and that families pay a premium for specialised expertise. I could not find a published percentage and will not invent one. Set yours from your own market, price it for the caregiver skill it genuinely requires, and pay the caregivers who have that skill accordingly — or you will lose them to the agency that does.

PART 9

The numbers

The model at working scale

Ten clients, twenty hours a week each.

Metric	Value
Billable hours	200/week, 10,400/year
Bill rate	$35/hour
Revenue	$364,000
Caregiver wage	$17.00/hour
Payroll burden about 18% (FICA 7.65%, workers' comp ~5%, unemployment, PTO)	$3.06
Loaded cost per billable hour	$20.06
Non-billable paid time — travel, training, orientation, meetings, overtime — estimated	+6%
Direct labour	about $221,000 (61%)
Gross profit	about $143,000 (39%)
Overhead — insurance, software, background checks, recruiting, mileage, phone, accounting, marketing	$60,000–$80,000
Owner's earnings	roughly $63,000–$83,000

That 6 percent non-billable line is an estimate and it is labelled as one. Travel time between clients is paid time in several states, and training, orientation and mandatory meetings are paid everywhere. Overtime is not incidental in this trade: continuity is the product, so your best client wants the same caregiver for 45 hours a week, and the honest choice is to pay the premium or break the continuity you sold. Track your real number from month one; it may be higher.

The workforce, sized honestly

200 billable hours a week does not divide into five people.

Caregivers average 25 to 30 hours. They take days off, they get sick, and turnover in this trade is severe. You need coverage for every shift plus somebody available when a caregiver calls in at 5:40am.

Roster: eight to nine caregivers to reliably cover seven-and-a-bit full-time-equivalents. Plus you, full-time, doing scheduling, intake, supervision, recruiting and sales.

Under-staff this and every sick call becomes a missed shift. A missed shift with a vulnerable client is how you lose an account, and occasionally how somebody gets hurt.

On the wage — why $17 and not $14

At $14 an hour the model throws off roughly $6,000 more a year in gross profit. It will cost you far more than that.

You will re-recruit the roster repeatedly, paying each time in advertising, background checks, orientation, and the shifts that go uncovered during the gap. And every departure hits a client, because the product you sold was a specific person walking through a specific door on Tuesday.

Paying at the upper end of your local band is the cheapest retention strategy available. In a business where continuity is the product, retention is the product.

The rate card

The $35 median is your anchor, not your price list. A real agency quotes from a structure.

Line	Typical structure
Weekday standard	Your market base — national median $35/hr, state medians $25–$44
Weekend	Premium over base; define the window (e.g. 7pm Fri to 7am Mon)
Holiday	Time-and-a-half, on six named holidays
Minimum shift	2 hours (some agencies 4)
Short-shift premium	Higher hourly under the standard visit length
Two-person assist	Roughly double for those hours — two caregivers, two wages
Dementia / specialised	Premium; set locally, no reliable published figure
Overnight (awake)	Hourly at standard or premium rate
Live-in	See the warning below

Minimum shift is not optional. Twenty-five minutes of driving to deliver one billable hour destroys the margin, and travel is your cost, not the client's. Publish the minimum and hold it: "Under two hours I cannot get a caregiver there and back and pay her properly, so I would rather tell you now than let you down later."

The overnight and live-in warning, because this is where agencies get sued

One published agreement bills a 24-hour live-in shift as 13 paid hours, assuming 8 hours of sleep and 3 hours of meals. That structure only holds if the sleep actually happens: at least 5 of the 8 sleep hours must be consecutive and uninterrupted. Interruptions are billed to the client and paid to the caregiver at the hourly rate — and if the caregiver cannot get 5 uninterrupted hours, the entire 8 hours becomes payable.

Two consequences. Your agreement must require the client to provide adequate sleeping facilities and food. And a client whose needs wake the caregiver nightly is not a live-in client. They need two shifts, and pricing them as live-in means you absorb the difference until the caregiver quits.

Do not offer live-in or 24-hour care in year one unless you have had the arrangement reviewed against your state's wage-and-hour rules. This is also the area most affected by the companionship exemption rescission, which is mid-process with a final rule expected late 2026 or early 2027.

One strategy that no longer works

The plan of entering cheap on companion-only work and undercutting personal care is finished. CareScout now reports homemaker and home health aide as a single non-medical caregiver category, because the two prices converged. The licensing reason to start companion-only is still completely valid. The pricing reason is gone. Price at the market rate for your area, not below it.

The trough that closes agencies

At two clients and 40 billable hours a week, gross profit is about $600 a week.

That is not a living. The owner is the caregiver until roughly client six, working shifts by day and doing scheduling, payroll and sales at night. This period lasts several months, and it is not licensing that ends most new agencies. It is this.

Plan for it in cash and in your calendar, or do not start.

PART 10

Keeping clients, and losing them

This is the one trade where the client base structurally declines. Clients die, fall, or move into a facility. When it happens you lose twenty hours overnight, with no notice and no fault. Average client tenure is measured in months, not years.

Four consequences, and they should shape how you run:

- Recruit clients continuously, even when you are full. The month you stop marketing because you are busy is the month before three clients leave at once.
- No client should be more than about 15 percent of revenue. Two large accounts feels like stability. It is concentration risk with a medical timeline attached.
- When a client is lost, the caregiver needs somewhere to go on Monday. Otherwise you lose her too, and losing a client has cost you twice.
- Ask for the review and the referral while the family is grateful. After a client passes, the family remembers who was kind.

Handle the ending properly. Send a card. Attend the service if you are invited. This is not a marketing tactic and it should not be one — but families remember, and this business runs on what people say about you.

PART 11

Money help for veterans starting the business

Free and no rating required:

- SBDC — free business counselling, every state.
- SCORE — free mentoring.
- VBOC — Veterans Business Outreach Centers.

VR&E — get this right, because most veteran business guides do not. The self-employment track is not something you choose. Federal regulation requires that your service-connected disabilities be severe enough that self-employment is the only reasonably feasible vocational goal. In 2021, 162 veterans were in that track out of 80,680 using VR&E overall.

What VR&E genuinely can do is the long-term services track — vocational school, technical certificates and trade programs with no tuition cap, plus tools, equipment and certification exam fees. But it is an employment program, not an education program: if the counselor concludes you can get suitable work with the education you already have, it is denied, and everything must sit inside an approved individualised employment plan. Eligibility is 20 percent with an employment handicap, or 10 percent with a serious employment handicap. Apply on VA Form 28-1900.

Do not fund the payroll float with a credit card. A line of credit secured before you need it is far cheaper — and a bank will not extend one to an agency that is already missing payroll.

PART 12

The three places people get stuck

1. Selling hours you cannot staff

What it looks like. A discharge planner calls with a case. You say yes, because saying no to your first real referral feels impossible. Then you spend four days trying to cover it and put someone unsuitable in the house.

Why it is tempting. Every case feels like the one that gets you going, and the referral source may not call twice.

The fix. Say no, out loud, with a reason and a date. “I can’t staff that one properly this week. I can take it from the 14th, or I can tell you now so you can place it elsewhere.” Discharge planners refer to the agency that tells the truth, because their reputation rides on the placement too. Hire ahead of demand: keep one more caregiver on the roster than your schedule needs.

2. Classifying caregivers as contractors

What it looks like. 1099s all round. No payroll tax, no workers’ comp, no overtime. The margin looks wonderful.

Why it is tempting. It genuinely is cheaper, other local operators are doing it, and the caregivers may even prefer it.

The fix. W-2 from the first hire. The exposure — back wages, back taxes, penalties, private suits — is unlimited and it compounds quietly for years before it lands. If the registry model genuinely fits how you want to work, structure it properly with real independence and have it reviewed by an employment attorney before you take a client. Do not run an agency and call it a registry.

3. Being the only person who can answer the phone

What it looks like. Month eight. You are covering shifts, doing payroll, and taking intake calls from your truck. A hospital calls at 2pm on a Friday with a Monday discharge, and you miss it because you were in a client’s kitchen.

Why it is tempting. Every hour you work is an hour you do not pay for, and hiring office help feels like paying for something you can do yourself.

The fix. Get out of the field on a schedule, not when it feels affordable. The owner’s job is scheduling, sales and supervision, and the business does not grow past six clients while the owner is on shift. Even part-time office help at 15 hours a week frees the exact hours that generate revenue. Cover shifts as a last resort, not as the plan.

None of these three is a reason not to start. They are potholes, and you can drive around all three if you know they are there.

PART 13

Your first 90 days

Days 1–14 — Eligibility and rules. Run your own background check. Call the state health department with the precise question from Part 1. Check whether Certificate of Need applies. Form the LLC, get the EIN, open the account.

Days 15–30 — Insurance and systems. General liability, professional liability, workers' comp, dishonesty bond. Payroll service. Scheduling software. Write the policy manual — client money, ADL boundaries, mandated reporting, call-off procedure. Draft the client service agreement from Part 7.

Days 31–60 — People and referral sources. Post your first caregiver roles at a wage you checked against local warehouse, retail and hospital pay. Hire two before you have a client. Meet three discharge planners, the Area Agency on Aging, and two elder law attorneys.

Days 61–90 — First clients, carefully. Take clients you can staff. Do the first intake yourself, in the home, with the family present. Call every client after the first visit and again after the first week. Ask what the caregiver did well and what needs adjusting — before it becomes a complaint.

The one number to track

For the first 90 days: referral conversations with people who place clients.

Discharge planners, social workers, Area Agency on Aging staff, elder law attorneys. Not clients, not hours — conversations with the people whose job includes sending someone your way. You cannot control how many people need care this month. You can completely control how many of the twenty or so gatekeepers in your county know your name.

Twenty conversations in ninety days is a real start. Five is a hobby.

From month four: caregiver retention at 90 days.

The percentage of caregivers still with you three months after hire. It contains your wage, your scheduling, your supervision and your client mix, and it predicts everything downstream — because client retention cannot exceed caregiver retention for long. If it is under half, fix the wage and the scheduling before you take another client.

Where this goes if it works

Stay at 10 to 15 clients. One owner, eight or nine caregivers, a livable income, and you know every client's name. A real business, and the version most people should aim at.

Grow to 30 to 50 clients. Needs a scheduler, a care coordinator and an office. Revenue multiplies and so does complexity — at this size you manage people who manage people, and the owner never touches a shift.

Specialise. Dementia care, veterans, post-surgical recovery, or hospice support. Higher rates, deeper referral relationships, far less price comparison.

Add licensed personal care. The natural upgrade from companion-only. More licensing, more training, higher rates, and access to Medicaid and VA contracts.

And know what you are building toward. Home care agencies sell. Buyers look hard at payer mix, margin sustainability and staffing stability — strong agencies show net margins at or above 15 percent, with owner earnings in the 15 to 20 percent range. The things that make it saleable are the same things that make it survivable: documented systems, stable staffing, and a client base that is not concentrated in two accounts.

Your odds, honestly

There is no federal survival rate for non-medical home care specifically. Here is what exists.

BLS Business Employment Dynamics tracked the 2022 cohort of new establishments. One-year survival ranged from 74.4 percent in the Mountain division to 78.6 percent in the Middle Atlantic — remarkably flat nationally, which itself tells you location is not the variable people assume. Of establishments born in 2013, 34.7 percent were still operating in 2023. Roughly half reach year five.

Two caveats. BLS states that survival rates do not vary much by industry — the four-year spread across every sector was 38 to 55 percent. And unlike most trades in this series, this one does count, because an agency with employees is an employer establishment with payroll and sits inside the dataset.

About three in four survive year one. About a third are still going at ten.

What moves your number here is not compassion. It is cash for the float, a wage that holds your caregivers, saying no to cases you cannot staff, and getting out of the field before the business needs you in the office.

The average is the average. Your job is to be the exception, and you have done harder things than this.

A last word

Somebody’s mother is going to be alone in a house on a Tuesday morning, and the only question that matters is whether your caregiver walks through that door.

Everything in this guide — the payroll float, the wage, the extra person on the roster, the minimum shift, saying no to the case you cannot cover — exists to make the answer yes every single time.

Get that right and the business takes care of itself. Get it wrong and no amount of good intentions will save it.

This guide is general information for starting a business, not legal, tax, employment or regulatory advice. Licensing, employment classification, wage floors, background check and mandated reporting requirements vary by state and are changing — the federal companionship exemption is under active rulemaking with a final rule expected late 2026 or early 2027. Verify every requirement with the agency that administers it before you rely on it.

WORKBOOK

Startup Checklist

Use this checklist to turn the guide into a sequence of actions for your own market and circumstances.

Done	Startup action
■	Choose the business structure you will use.
■	Get an EIN and open a separate business bank account.
■	Check licensing, zoning, and tax rules for your own city and state before starting.
■	Confirm insurance needs before accepting work or inventory.
■	Complete the local market test described in the core guide.
■	Build the startup budget and record actual costs.
■	Set pricing using your own costs and required margin.
■	Prepare customer terms, estimate and invoice forms.
■	Launch outreach and record every lead and result.

WORKBOOK

Equipment and Budget Worksheet

List only the tools, equipment, supplies, software and services required for the version of the business you plan to launch.

Item	Required/optional	Est. cost	Actual cost	Supplier/source

Startup total	
Monthly fixed costs	
Working cash reserve	
Total funding needed	

WORKBOOK

Pricing and Estimate Template

Complete the cost fields with your own numbers. Use the pricing guidance in the core guide for the business-specific method.

Estimate field	Details or calculation	Amount
Customer and project		
Materials or inventory		
Labor hours and rate		
Equipment or venue		
Travel or delivery		
Subcontractors		
Overhead allocation		
Contingency or risk allowance		
Subtotal		
Applicable tax		
Estimated total		
Deposit and payment schedule		
Estimate expiration date		

WORKBOOK

Invoice Template

Business name:	Customer name:
Address:	Company:
Phone:	Billing address:
Email:	Phone:
Tax ID:	Email:

Invoice number	Invoice date	Due date	Project or job

Description	Quantity	Rate	Amount

Subtotal	
Tax	
Payments or deposits	
Balance due	

Payment method and terms: _____

WORKBOOK

Job Log and Lead Tracker

Record every inquiry, estimate, job and follow-up so the business can be managed from actual results.

Date	Lead/customer	Source	Need/job	Estimate	Status	Next action

Period	Leads	Estimates sent	Jobs won	Revenue	Follow-ups due

WORKBOOK

Compliance and Safety Page

Check licensing, zoning, and tax rules for your own city and state before starting.

Review	Requirement or safety point from the core guide
■	One: can you pass a background check? States bar people with specified offenses from working as caregivers at regulated entities, and in most licensing states that screening applies to the owner and administrator, not just the staff. A disqualifying record can end your application after you have paid the fees. Find out first.
■	It is not medical. No wound care, no injections, no clinical assessments, no clinical judgement. That is home health, it needs licensed clinicians, and it is a different business with a different licence.
■	And in most states it is not hands-on personal care either — not without a specific licence. Where that line sits is the first thing to understand.
■	That prohibition is the trap, because the drift is natural. Your caregiver is there anyway, the client is unsteady getting out of the tub, and helping seems obviously right. Do it and you may have exceeded your licence, voided your insurance, and created a fall you are liable for.
■	1. Structure. An LLC, not a sole proprietorship. You are sending employees into the homes of vulnerable people. State filing runs roughly $35 to $500, US average near $132, plus annual report costs from $0 to $800; Check licensing, zoning, and tax rules for your own city and state before starting.
■	4. Find out what your state actually requires — and ask the question precisely. There is no federal home care licence. Each state decides, and requirements vary enormously.
■	Check licensing, zoning, and tax rules for your own city and state before starting.
■	So do not ask “do I need a home care licence?” Ask your state health department this:
■	“I intend to provide [companionship, homemaking and transportation only] or [hands-on personal care with ADLs], on a private-pay basis, with W-2 employees. What licence, registration or certification does that require?”
■	8. Self-employment and payroll tax. On your own draw, 15.3 percent self-employment tax on net income, with quarterly estimates if you expect to owe $1,000 or more federally — due 15 April, 15 June, 15 September and 15 January, moving to the next business day on a weekend or holiday. On your caregivers you are withholding and remitting as an employer, which is an entirely different obligation. Use a payroll service. Do not do this in a spreadsheet.
■	Agency or authority contacted: _____
■	Written confirmation or permit saved at: _____
■	Review date: _____ Renewal or recheck date: _____

Launch Readiness

Senior Services Guide

PLAN	SET UP	PRICE	SELL	TRACK

Use the worksheets in this guide to record your own numbers, decisions and results.