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Home Care's Booming, and So Is Regulation

By [John Tozzi](#) March 17, 2011

As the first baby boomers turn 65 this year, entrepreneurs see opportunity. The number of companies providing home health care or services such as assistance in dressing, bathing, and cooking increased by more than 50 percent in the past decade, U.S. Census Bureau data show. Now regulators are scrambling to catch up with the growing industry.

Home-care companies aren't regulated in about two dozen states, and just a handful require licenses for companies that provide nonmedical services. Today the industry faces a hodgepodge of inconsistent rules that advocates say puts vulnerable people at risk of financial exploitation or physical abuse. In states that require licensing, many operators ignore regulations because the costs of complying are high and the risk of getting caught is low, people in the industry say.

Advocates of home care say it is more compassionate and less expensive than nursing home care. More than 45,000 companies offered home health care or other aid in 2008, including 2,800 small outfits that pay franchisers for a brand name, training, and support, researcher Frandata estimates. They're targeting a \$55 billion market that will surely grow as the number of Americans 65 and older increases by 79 percent in the next 20 years, to 72 million, according to Census projections.

A report by the Senate Special Committee on Aging notes that "addressing elder abuse in home-based care settings is becoming a growing concern." Much of the worry centers on how thoroughly companies vet workers before sending them into people's houses. The Senate report says that after seven states began requiring comprehensive background checks for caregivers in institutions and private homes, 4.3 percent of the 220,000 applicants were disqualified because of a history of serious crimes. Some 92 percent of nursing homes employ at least one worker with a criminal conviction, according to a Mar. 1 report by the U.S. Health & Human Services Dept. Not all crimes preclude workers from employment.

While nursing home workers are required by federal law to undergo 75 hours of training before taking a job in the sector, there are no similar rules governing nonmedical home aides. Seniors getting in-home care are "way more vulnerable than people who are in nursing homes because it's not supervised," says Lori Ann Post, a Yale School of Medicine professor who researches domestic violence. "We need legislation mandating background checks for people in the home ... more than in nursing homes," she says.

Home-care providers recognize the risks of mistreatment—and the potential for damage to their reputations. "When you have an industry that is growing like nonmedical home care and senior care, a lot of people ... think it's a way to make a quick buck," says Kim B. Stoneking, executive director of the 1,200-member National

Private Duty Assn. (NPDA), which represents nonmedical home-care companies.

Stoneking says all NPDA members do background checks on their workers. The group has no formal position on whether states should require home-care businesses to be licensed. In states considering regulation, Stoneking advocates a less rigorous standard for nonmedical helpers than for aides who provide direct health care such as dressing wounds or giving medication.

Operating in states that ignore that distinction can be a burden for business owners. When Caroline Philpott opened a New York City senior-care franchise last May, she had to limit her services to housekeeping, cooking, and companionship. Anything that involves touching an elderly client, such as dressing or bathing, requires a license that New York had temporarily stopped issuing because state officials didn't have the capacity to monitor the fast-growing industry. "Helping someone get dressed requires the same license as giving them IVs," says Philpott, a former executive at American Express ([AXP](#)) who earned an MBA from Columbia University. Philpott invested a "low-six-figure" sum to start her franchise, licensing the brand from an Omaha company called Home Instead Senior Care. She now has 25 caregivers on call and 15 clients in New York.

More consistent oversight and enforcement would help the industry, says Peter Ross, chief executive officer of Senior Helpers, a franchiser in Towson, Md. His company holds its 300 franchisees in 40 states to the same standards regardless of local regulations, and Ross advocates licensing requirements for nonmedical care in states that don't have them. "In California, you need a license to catch a trout," Ross muses, "but you do not need a license to give a senior a bath in their own home."

The bottom line: *As demand for home-care services grows, entrepreneurs are preparing for more scrutiny from regulators.*



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