



[ABOUT](#) | [CONTACT](#)



- [News](#)
- [Advertising](#)
- [Resources](#)
- [Jobs](#)
- [Events](#)
- [Podcast](#)



◀ 31

## More Home Care Agencies May Become Employee-Owned as Aging Owners Exit

By Kaitlyn Mattson | October 2, 2018

Home care agencies continue to grow in number as the population of older adults increases. However, as home care owners decide to retire themselves, they are sometimes shutting down their operations, leaving a gap in the local economy and forcing workers who are happy in their roles to seek different employment. There may be an interest in converting to a co-op model.

Some industry advocates believe an employee-owned model is the perfect business opportunity to keep home care companies open and solve several industry issues, according to a [report](#), “Co-op Conversions at Scale,” from Capital Impact Partners, Citi Community Development and the ICA Group. The assessment focused on several industries and could be ideal for expanding worker co-op conversions, singling out home care as a sector ripe for the business model.

A worker cooperative is defined as a business owned and controlled by its employees, according to [Becoming Employee Owned](#). The two central themes among co-ops are own the business — participating in its financial success — and vote for their representation on the board of directors.

“For us, the key finding in the [report] was that the number of businesses closing or being sold that are owned by people facing retirement is on a big uptick,” David Hamme, director at the ICA Group, told Home Health Care News.

Massachusetts-based ICA Group was founded in 1977 and is a nonprofit consultancy firm that promotes economic development through the creation of employee-owned business community projects that save and create jobs for low-income people.

Longstanding businesses, or those that have been in operation for more than 25 years, are far more likely to close than to be sold, as they are more likely to be owned by an individual, according to the report. The research focused on five regions where an existing support system and smaller firms dominate the market.

“I had been thinking that the silver tsunami ... was something that is coming, but the report makes it very clear that it is already here — and it is a crisis,” Allison Powers, president of strategy, innovation and impact at Capital Impact Partners, told HHCN. “More healthy businesses are being closed than sold ... this not only affects the workers directly in these communities where these businesses reside. A lot of them are local community anchors.”

Arlington, Virginia-based Capital Impact is a community development financial institution focused on delivering project financing and incubating social programs that provide economic opportunities for underserved communities. The nonprofit has disbursed more than \$2 billion over the last 10 years.

By continuing to use the site, you agree to the use of cookies. [More Information](#)

### It's coming up co-op

Conversions can be applied across the nation as a strategy for reducing turnover, increasing job quality and keeping healthy businesses open and thriving, experts say.

“In the home care industry, there is not a huge market for buying some of these small, independent companies, and what winds up happening is they’re closing,” Hammer says. “Hammer says you know that — with the right kind of support and systems around — you can have a successful transition to employee ownership and stop them from closing.”

While there has yet to be a home care conversion — at least to the knowledge of Hammer and Powers — there are a few co-op home care companies that utilize this model and its possibilities.

In order to deliver quality care, companies have to create a quality job for the worker, Adria Powell, president and CEO at Cooperative Home Care Associates, told HHCN.

The Bronx, New York-based Cooperative Home Care Associates is a worker-owned home care agency. The company covers the Bronx, Manhattan and Brooklyn, employing 1,000 members, about half of whom are owners. Powell’s mother was one of the original members of the team that formed the co-op in 1985.

The co-op offers an optional buy-in for staff to help create quality jobs.

“The buy-in is \$1,000 for one share, [and] one share equals one vote,” Powell said. “We can only buy one share because it is completely democratic and equal ownership.”

The \$1,000 is paid over the course of a five-year period so that it is not cost-prohibitive for employees to become owners. The worker is responsible for the first \$50. They then participate in the governance of the organization, and the co-op lends the employee the remaining \$950, repaid at \$3.65 per week, according to Powell.

Cooperative Home Care is working with ICA Group to identify other organizations that are similarly aligned in values and principles in order to acquire or merge with them and expand the reach of co-ops.

The possibility of more co-ops within the home care space is a good thing, as the industry faces labor practice scrutiny, Powell said.

“You are not going to have the kind of wage theft or abuses in a home care co-op that you are seeing in some of these bad actors that are out there in the home care industry,

[New York City Department of Consumer Affairs announced findings](#) in early September that resulted in tens of thousands of dollars in restitution and fines after home care agencies investigated following reports of noncompliance with labor laws and regulations.

“I think with more worker co-ops, we can have an industry that has more integrity — at a minimum,” Powell said. “You are really looking at: How can we strengthen the way the worker can deliver the best care possible? How can we stabilize this workforce? How can we retain and train and have people stay in those jobs in order to provide the services that need them the most?”

Recent legislation has aided the possibility of businesses moving toward this format.

The Main Street Employee Ownership Act was signed into law on Aug. 13, 2018. The law expands the authority of the Small Business Administration to guarantee loans for employee trusts of a small business to purchase the stock of that business.

### Employee benefits, turnover fix

For an industry racked with retention issues, any possible Band-Aid is important to consider.

“In the home care space, there is this added benefit — when caregivers become owners then you start having a dual incentive around the quality of care,” Hammer said. “[It’s] at the center of business decisions because you have a perfect alignment between owners and caregivers.”

The median caregiver turnover rate across the home care industry was [66.7% in 2017](#), according to the 9th Annual Edition of the Home Care Benchmarking Study by Home

Cooperative Home Care Associates exemplifies the benefit the model could have on turnover rates. The company has historically had — and currently has — a turnover rate of 20%.

“Our turnover rate is hands down [really strong] compared to most other places, and it has to do with the ownership, but it also has to do with the investment, just in the job for the worker,” Powell said. “We’ve always worked to give people full-time employment that are looking for it, [and] we have always had a strong training program ... We have a policy, we want to see people coming into the organization, you have a problem, things aren’t working out, you’ve got complaints about how we are doing things — come in and help us fix it.”

Moving businesses in this direction might be a way to address some of the underlying social problems that we have in this society, experts say.

Home care co-ops could succeed in several areas, Candace Robinson, director of strategic aging initiatives at Capital Impact Partners, told HHCN. That includes smaller markets, for example, where agencies often have a difficult time retaining people, and also in rural areas, where agencies frequently experience trouble finding workers to begin with, she said.

“I think the co-op model and home care agencies could really come together and be a force ... elevating the position [of home care] to a much more respected player — and a player — in the long-term care continuum,” Robinson said.

### Ideal candidates

While the co-op model could be applied to businesses across the board, there are a few characteristics that can aid in the conversion: retiring owners with a succession plan and employees who are leaders looking to engage employees.

“We work with an existing business owner to develop and design a succession plan for them,” Hammer said. “That’s really understanding: what are their needs in retirement and what business worth and where is the gap that exists there? [Then] we figure out if employee ownership can be a part of the way [they] fill that gap.”

For ICA Group, if a succession plan can involve a move to a co-op model, the company works with the new employee owners to build out its governance and management structure. For example, the organization helps train employees on how to serve on a board of directors, Hammer said.

While retirees may be a key demographic for conversions, there are opportunities for younger leaders to make a change to grow their business as well.

“Attracting and retaining [workers] is a central piece of success, so a lot of young entrepreneurs are looking at this as a way to effectively engage people both in operations and in some of the financial benefits,” Hammer said.

Capital Impact is doing an external marketing push to expose owners to the potential model.

“Outreach is going to be a challenge and is something we are working on nationally,” Robinson said. “We’re going to make sure that owners know that this is a viable option and their support.”

By continuing to use the site, you agree to the use of cookies. [More Information](#)

Accept

There has been interest in the last year, according to experts. But the hope is that even more owners will reach out in the future.

“We are facing a huge crisis in the U.S. in terms of the aging population, [and] there is going to be a major workforce shortage, because who is going to want to come into it where you have an owner who is abusive and taking people’s hard-earned money,” Powell said. “I am hopeful that there is enough of a crisis that people can see that’s not the workers and run home care agencies, and here’s a model that could actually meet that crisis head-on.”

Written by [Kaitlyn Mattson](#)

31

[Kaitlyn Mattson](#)



Reporter at [Home Health Care News](#)

When not writing about home health topics, Kaitlyn can be found kayaking on the Chicago River or taking pottery classes.

Categories:

- [News](#)

Companies:

[Capital Impact Partners](#), [Citi Community Development](#), [Cooperative Home Care Associates](#), [ICA Group](#)

### More News Articles

[Upcoming Webinar: Supporting Higher Levels of Care in Hospice](#)

[Amedisys, LHC Group Shares Hit October Slowdown](#)

[With Medicare Advantage in Mind, Newly Merged Home Care Company Seeks National Growth](#)

Search for:

### Popular Articles

[Few Medicare Advantage Plans Will Offer New Home Care Benefits in 2019](#)

[Full Care Spectrum Will One Day Be Provided In People’s Homes](#)

[CMS Delays Revising Hospital Discharge Planning Requirements](#)

[CVS Health Launches Effort to Make MinuteClinics More Senior Friendly](#)

### Sponsors



HHCN NEWSLETTER

STAY UPDATED

**Receive daily email updates from Home Health Care News**

### News Categories

- [Medicare >](#)
- [Regulation >](#)
- [Fraud >](#)
- [Home Care >](#)
- [Technology >](#)
- [Acquisitions >](#)

By continuing to use the site, you agree to the use of cookies. [More Information](#)

Jobs Board

[Implementation Training Specialist - NOW INTERVIEWING Qualified Applicants! at Homecare Homebase \(Dallas](#)

---

[RN Clinical Services Manager at Recover Health \(Madison, WI, USA\)](#)

---

[Compliance Development Analyst -Part-Time at CareAcademy\\_\(Boston, MA, USA\)](#)

---

[Home Health Clinical Nurse Manager at Westminster Canterbury Richmond \(Richmond, VA, USA\)](#)

---

[Regional Director of Operations - Iowa Nebraska South Dakota at Recover Health \(Iowa, USA\)](#)

---

©2018 Home Health Care News | [Cookie Policy](#) | [Terms of Service](#) | [Privacy Policy](#)



6