

A FREE GUIDE FROM HOMECARE KICKOFF

The Home Care Agency Startup Roadmap

10 steps from idea to first client, in a sensible order

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FROM OUR FOUNDER

Our founder spent a year figuring out how to open a home care agency on her own. Every person she asked gave a different answer, and many of those answers contradicted each other. This roadmap is the clear path she couldn't find: one step at a time, in the right order, so you can spend your energy on building your agency.

START HERE

How to Use This Roadmap

New agencies can lose time and money when startup tasks are completed in the wrong order: buying software before knowing the license type, hiring before policies exist, or submitting an application that comes back for missing documents. Missing or incorrect application materials can delay approval and create avoidable costs.

This roadmap puts the work in a practical order for getting licensed and serving clients. **Use this sequence as a planning framework. Your state may require some activities earlier, later, or at the same time.** Each step tells you what to do, why it matters, and where people get stuck, and ends with a checklist.

Before making major commitments, estimate startup costs, test local rates against caregiver wages, and prepare a cash-flow forecast. Revisit these numbers as licensing, insurance, staffing, and payer requirements become clear.

The 10 steps at a glance

#	Step	What you walk away with
1	Choose your agency model	Clear service scope, payer mix, and license target
2	Decode your state's rules	Your regulator, license type, and a requirements worksheet
3	Form the business	Legal entity, EIN, bank account, registrations
4	Get insured and bonded	Coverage in place before anyone works a shift
5	Build your policies & procedures	The operating system your state may review
6	Set up client documentation	Agreements, rights, intake, and care plan forms
7	Set up employment the right way	W-2 payroll, wage compliance, employee handbook
8	Hire, screen, and train caregivers	A complete, well-documented personnel file for every hire
9	Set rates and daily operations	Pricing that covers real costs, scheduling, records
10	Complete required approvals and launch	Inspection readiness and your first referral sources

BEFORE YOU START: ONE RULE THAT SAVES THE MOST TIME

Read your state's actual rules, not summaries of them. Licensing requirements live in your state's statutes and administrative code (often called regulations or rules). Blogs, Facebook groups, and consultants, including this guide, are a map. The administrative code is the territory. Use applicable statutes and regulations as your primary sources. If official requirements appear to conflict, request clarification from the regulator and obtain legal advice when needed.

Important: This guide is general educational information, not legal, tax, or insurance advice. Requirements vary by state and change over time. Confirm every requirement with your state licensing agency and, where appropriate, a licensed attorney, CPA, or insurance professional.

01 STEP 1 OF 10 Choose Your Agency Model

Your model decides your license, your paperwork, and your price point. Decide it first, on purpose.

Non-medical vs. medical: know which side of the line you're on

A non-medical home care agency (also called private duty, personal care, companion, or in-home support services, depending on the state) helps clients with daily living. A home health agency provides skilled medical care such as nursing, therapy, wound care, and injections, usually under a physician's order and often billed to Medicare. They are licensed differently, surveyed differently, and cost very different amounts to start. This roadmap is for non-medical agencies.

Typically non-medical	Typically skilled / medical (not covered here)
Companionship and supervision	Medication administration or injections
Meal preparation, light housekeeping, laundry	Wound care, catheter or ostomy care
Errands, shopping, transportation or escort	Skilled nursing assessments
Medication reminders	Physical, occupational, or speech therapy
Help with bathing, dressing, grooming, toileting, mobility (see note below)	Tube feedings, IV therapy
Respite for family caregivers	Anything requiring a nurse's license to perform

These are general examples, not a state-specific scope determination. Some tasks may be permitted only under specific delegation, training, supervision, or program requirements. Confirm the exact task before offering it.

WATCH THIS LINE: HANDS-ON PERSONAL CARE

Some states license “companion” or “homemaker” services separately from hands-on personal care (bathing, toileting, transfers). Offering hands-on care can move you into a different license category with more requirements. Decide exactly which services you'll offer before you apply, and list them the same way everywhere: application, policies, service agreement, and website.

Choose your payer mix

Payer	How it works	What to know
Private pay	Clients or families pay you directly.	Fastest to start. You set your rates. Many new agencies start here.
Long-term care insurance	Client's policy reimburses them or pays you.	Requires solid documentation and sometimes a licensed-agency requirement. Usually billed alongside private pay.
Medicaid (waiver / HCBS programs)	State Medicaid pays for eligible clients.	Separate provider enrollment, set rates, heavier documentation, and Electronic Visit Verification (EVV) is federally required for Medicaid personal care services.
Veterans programs	VA Community Care and similar programs.	Separate approval process; typically a later-stage addition.

Independent or franchise?

A franchise buys you a brand, systems, and training for an upfront fee plus ongoing royalties, and you still must meet your state's licensing rules yourself. An independent agency keeps full control and margin, but you build the systems. If you go independent, Steps 5 through 8 are where you'd otherwise be paying a franchise to hand you ready-made systems.

Step 1 checklist

- ☐ I've written down exactly which services I will and will not provide.
 - ☐ I've confirmed none of my services require a nursing or home health license.
 - ☐ I've chosen my starting payer(s): private pay, LTC insurance, Medicaid, or a mix.
 - ☐ I've decided independent vs. franchise.
 - ☐ I've defined my service area (cities, counties, or radius).
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02 STEP 2 OF 10 Decode Your State's Rules

Every state is different. Some require a full license and inspection; some require registration; some don't license non-medical care at all. Find out exactly where you stand.

Find your regulator

Non-medical home care is usually overseen by the state Department of Health, Department of Health and Human Services, or a Department of Aging or Social Services. Search “[your state] non-medical home care license” or “[your state] personal care agency license” and go to the .gov site. Then find and download the actual rules (administrative code) the agency enforces.

Call or email the licensing office. Ask for the application packet, and ask whether they hold new-applicant orientations or publish a pre-licensure checklist. Many do.

The 15 questions to answer before you do anything else

- ☐ Is a license, registration, or certification required for the services I plan to offer?
 - ☐ What exactly is the license category called, and are there separate categories for companion vs. personal care?
 - ☐ What does the application cost, and is there a separate renewal fee and cycle?
 - ☐ Do I need written policies and procedures before I apply? (Some states require them with the application; others at the initial survey.)
 - ☐ Is there an on-site or virtual inspection (survey)? Before or after the license is issued?
 - ☐ Must I have a physical office, or can I operate from home? Are there zoning or signage rules?
 - ☐ Is there an administrator or manager qualification (education, experience, or training course)?
-

- ☐ Is a supervisor or nurse required to oversee care or do assessments for certain services?
- ☐ What background checks are required (state, FBI fingerprint, abuse or nurse aide registries), and for whom?
- ☐ How many hours of training must caregivers complete before their first shift, and each year after?
- ☐ Are health screenings required for staff (for example, TB testing)?
- ☐ What must be in a client service agreement and a client rights statement?
- ☐ How often must client care plans and caregiver supervision be documented and reviewed?
- ☐ What must be reported to the state (incidents, complaints, abuse), and within what timeframe?
- ☐ What records must I keep, and for how long?

Your requirements worksheet

As you answer the questions, write each requirement here with its official source. This sheet becomes your checklist for policies, hiring, and your survey, and it makes conversations with the state much faster. Example row: "Caregiver orientation hours | [rule number] | Before first shift | Build into onboarding | Pending."

Requirement	Official source (rule, page, or contact & date)	Deadline / timing	Action needed	Status

Step 2 checklist

- ☐ I've identified my regulator and downloaded the current rules.
- ☐ I have the official application packet and fee schedule.
- ☐ I've answered all 15 questions above with rule citations.

☐ My requirements worksheet lists each requirement, its source, timing, and status.

☐ I know whether I face a survey or inspection, and when.

03 STEP 3 OF 10 Form the Business

Your legal setup usually comes before applications, bank accounts, and insurance policies. Use the exact same legal name on everything.

The core setup

- ◆ **Check your name.** Search your Secretary of State business database and the USPTO trademark database, and confirm the domain and social handles are available before you commit.
- ◆ **Form your entity.** Most small agencies form an LLC or corporation with their Secretary of State. An entity helps separate business and personal liability; a CPA can advise on tax treatment (for example, an S-corp election).
- ◆ **Formed in another state?** If your entity was formed outside the state where the agency will operate, determine whether it must register (foreign qualify) to do business in that state, and do it before you apply.
- ◆ **Get your EIN.** Apply free directly at IRS.gov. You never need to pay a third-party site for this.
- ◆ **Register a DBA** (assumed name) if you'll operate under a name different from your legal entity name.
- ◆ **Open a business bank account** and run every dollar through it. Mixing funds weakens liability protection and makes bookkeeping and audits painful.
- ◆ **Get local licenses and permits:** city or county business license, and zoning approval if you have an office.
- ◆ **Determine which state and local employer tax registrations apply,** including unemployment insurance and income-tax withholding where required. Complete applicable registrations before the relevant payroll deadlines.
- ◆ **Set up bookkeeping from day one,** with a separate category for startup costs.

WHY THE LEGAL NAME MATTERS SO MUCH

Your license application, service agreements, insurance policies, contracts, and bank account should all use your exact legal entity name (including “LLC” or “Inc.”). Mismatched names are a common reason applications and insurance certificates get sent back. Use your brand name (DBA) for marketing; use your legal name on anything legally binding.

— DO YOU NEED AN OFFICE YET? OFTEN NOT.

A commercial lease is one of the biggest fixed costs you can take on before you have a single client. If your state and local zoning allow it, start from a home office and put that money toward licensing, insurance, and marketing.

Get an office when (1) your state requires one for licensing, (2) you need a private, professional space for interviews, training, and locked record storage that your home can't provide, or (3) your caseload and office staff have grown enough to justify it.

Check before you apply: some states require a physical business address where records are kept and a surveyor can inspect, and many won't accept a P.O. box or virtual mailbox. Answer this in Step 2, and check your HOA or lease rules for home businesses too.

Step 3 checklist

- ☐ Name cleared (state database, trademark search, domain).
- ☐ Entity formed; articles and operating agreement or bylaws on file.
- ☐ Foreign registration completed, if my entity was formed in another state.
- ☐ EIN received from the IRS.
- ☐ DBA filed, if applicable.
- ☐ Business bank account open.
- ☐ Local business license and zoning cleared.
- ☐ Office decision made: home office or commercial space, confirmed against my state rules.
- ☐ Applicable state and local employer tax registrations completed.
- ☐ Bookkeeping system set up.

04 STEP 4 OF 10 Get Insured and Bonded

Your caregivers work alone inside clients' homes. Insurance is not optional overhead; it's what lets a family, a referral source, or a state say yes to you.

Coverage	What it protects	Notes
General liability	Injury or property damage claims (a client trips over your caregiver's bag; a vase breaks).	Often required for licensing and by referral partners.
Professional liability	Claims that your services caused harm through error or neglect (a missed reminder, a fall during an assist).	Important for care businesses. Often bundled with general liability.
Workers' compensation	Employee injuries on the job. Caregiving has high injury rates (lifting, transfers).	Required in most states once you have employees. Your rate depends on payroll and job class.
Licensing surety bond (if required)	A guarantee to the state or public that the agency will meet obligations set by law. It is not theft insurance.	Only some states require one. Your state sets the amount and form.
Third-party fidelity / crime coverage	Theft by an employee from a client.	Families and referral sources often ask for it. Get the version that covers client property, not just yours.
Hired and non-owned auto	Accidents when employees drive their own cars for work (errands, transporting clients).	Important if caregivers drive for work. Their personal policy may not respond.
Abuse and molestation	Allegations of abuse involving staff.	Often excluded from standard policies; ask specifically.

Coverage	What it protects	Notes
Cyber liability	Data breaches of client information.	Increasingly common as you store records electronically.

USE A SPECIALIST BROKER

Work with an insurance broker who writes home care agencies. Ask for quotes on the lines above, ask the broker to confirm which ones apply to you, and ask what limits your state and your target referral sources expect. Request certificates of insurance naming your exact legal entity. Many states want proof of coverage with the license application.

Step 4 checklist

- ☐ Quotes from a broker who specializes in home care.
- ☐ General and professional liability bound.
- ☐ Workers' compensation in place before the first employee works.
- ☐ Licensing surety bond in place, if my state requires one.
- ☐ Fidelity or crime coverage that protects client property.
- ☐ Hired and non-owned auto (if staff drive for work).
- ☐ Confirmed abuse and molestation coverage isn't excluded.
- ☐ Certificates of insurance on file for the license application.

05 STEP 5 OF 10 Build Your Policies & Procedures

Your policy manual is the rulebook your state can check you against, and the operating system your staff follow every day.

What a policy manual actually has to do

A surveyor reads your policies, then checks whether your files and your staff match them. Your manual has to be three things at once: **complete** (it covers every area your rules require), **specific** (it says who does what, and by when), and **true** (you actually do what it says). A manual full of vague statements such as “the agency will strive to ensure quality” fails the second test, and a manual copied from another state often fails the first.

Core policy areas many states expect

Area	Examples of what it covers
Administration & governance	Organizational structure, administrator duties, scope of services, service area, hours, records retention, business continuity
Client rights & admission	Client rights and responsibilities, non-discrimination, intake and eligibility, service agreements, consent, fee disclosure
Care delivery	Initial assessment, written care plans, plan updates, services caregivers can and cannot perform, medication reminders vs. assistance, visit documentation, missed-visit handling
Client protection	Abuse, neglect, and exploitation prevention and reporting, handling client money and property, confidentiality and privacy, complaints and grievances
Human resources	Hiring, background checks, job descriptions, orientation and ongoing training, competency evaluation, supervision, discipline, personnel files
Health & safety	Infection control, emergencies and disaster preparedness, incident reporting and investigation, falls, home safety, workplace safety
Operations & quality	Scheduling, EVV (if Medicaid), billing, quality assurance review, discharge and transfer, agency closure

THREE MISTAKES THAT CAUSE SURVEY PROBLEMS

- 1. Copy-paste from another state.** Timelines, training hours, and reporting rules differ. Incorrect or missing deadlines can create compliance gaps; verify every required timeframe.
- 2. Policies you don't follow.** If your manual says supervisory visits every 60 days, the surveyor will look for the 60-day records.
- 3. No way to document.** Every required action needs an appropriate documentation method, whether a form, log, or electronic record.

FROM THE LIBRARY Policies & Procedures Manual

\$197

An organized, ready-to-customize policy system for non-medical home care: 138 policies, each with a purpose, policy statement, and numbered procedure, plus 163 forms, logs, and checklists matched to the policies that use them. Items that vary by agency or state are marked in red, so you customize instead of writing from scratch.

[Shop the Policies & Procedures Manual →](#)

Step 5 checklist

- ☐ Every policy area my state's rules require is covered.
- ☐ Every state-specific number (hours, days, timeframes) matches my rules.
- ☐ Each policy names who is responsible.
- ☐ Every required action has a documentation method (form, log, or electronic record).
- ☐ My agency name and legal name are correct throughout.

☐ I've read the whole manual and can operate the way it says.

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STEP 6 OF 10

Set Up Client Documentation

Before you serve a single client, you need the paperwork that protects them, protects you, and shows the state that care was planned, agreed to, and delivered.

The client file, start to finish

Document	Purpose
Client service agreement	The contract: services, schedule, rates, billing, minimum shifts, cancellation, termination, and signatures. Uses your exact legal name.
Client rights and responsibilities	What clients can expect and how to exercise their rights. Many states require a signed acknowledgment.
Complaint / grievance procedure	How to complain, who responds, timeframes, and the state agency's contact information where required.
Privacy and confidentiality notice	How you protect and share client information.
Intake and initial assessment	Needs, abilities, home safety, preferences, and risks, gathered before services start.
Care plan (service plan)	Tasks, frequency, and special instructions for caregivers. Updated when needs change and on a set schedule.
Emergency information and contacts	Physician, family, diagnoses relevant to safety, advance directive status, evacuation needs.
Consents and authorizations	Consent to services, release of information, photo consent, and any client-specific authorizations your state allows (for example, for errands or client funds).
Visit notes / daily logs	A record of each completed visit and what was done; missed or canceled visits documented as such.
Discharge or transfer notice	How and why services end, with required notice periods.

HIPAA: DOES IT APPLY TO YOU?

Determine whether the agency is a HIPAA covered entity or a business associate, and implement the applicable requirements. Electronic HIPAA-standard transactions can make a qualifying health care provider a covered entity. Business-associate status depends on the functions performed and the information handled on behalf of a covered entity; a referral or contract alone does not determine status. Many private-pay-only non-medical agencies are neither.

Either way, protect client information and follow your state's confidentiality requirements regardless of HIPAA status.

A plain-language handbook for clients and families: what you do and don't do, how scheduling and billing work, client rights, privacy, how to raise a concern, and what happens in an emergency. 30 client-facing sections plus 6 admission acknowledgment forms. Need the full set of admission forms? See the [Client Admission Packet](#) (\$47, 19 forms).

[Shop the Client Handbook →](#)

Step 6 checklist

- ☐ Service agreement reviewed against my state's required elements.
- ☐ Client rights, grievance procedure, and privacy notice ready to sign.
- ☐ Intake assessment and care plan forms match my policies.
- ☐ HIPAA status determined (covered entity, business associate, or neither) and documented.
- ☐ Visit documentation method chosen (paper or software).
- ☐ Client handbook ready to give at intake.

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STEP 7 OF 10 Set Up Employment the Right Way

Wage and classification mistakes are among the most expensive errors a new agency can make, because back pay, penalties, and taxes stack up for every caregiver and every week.

Employees, not contractors

If your agency recruits caregivers, sets their schedules, assigns clients, trains them, and supervises how they work, they are very likely employees under federal and state tests. Paying caregivers as 1099 contractors is a common shortcut and a serious risk. If a state or federal agency reclassifies them, you can owe back payroll taxes, penalties and interest, unpaid overtime, and workers' compensation claims you were never insured for. Most agencies use W-2 employees.

Federal wage rules that trip up agencies

- ◆ **Minimum wage and overtime: plan to pay both.** Under the U.S. Department of Labor's 2013 Home Care Rule (effective 2015), third-party employers such as home care agencies cannot use the "companionship services" or live-in overtime exemptions. *Status as of October 2026:* in July 2025 DOL proposed rescinding that rule and paused its own enforcement of it against agencies. A proposal and an enforcement change are not a repeal: no final rule has taken effect, caregivers can still bring private claims, and many states have their own minimum wage and overtime laws. Keep conservative payroll planning, and verify current federal and state requirements before claiming any exemption.
- ◆ **Travel time between clients is paid time.** When a caregiver drives from one client to another during the workday, that time generally counts as hours worked.
- ◆ **State and local rules may be stricter.** Higher minimum wages, daily overtime, paid sick leave, and required breaks vary by state and city. Follow whichever standard is more generous to the employee.
- ◆ **Live-in and 24-hour shifts have special rules.** Sleep and meal time deductions require agreements and records. Get advice before offering these shifts.

Payroll and hiring compliance

- ◆ **Form I-9:** the employee completes Section 1 no later than the first day of employment for pay. Complete Section 2 within three business days after that first day. For employment lasting fewer than three business days, complete Section 2 on the first day. Maintain I-9s separately as an administrative best practice.
- ◆ **Form W-4** (and your state's version) for withholding.
- ◆ **New hire reporting** to your state's directory, required by federal law.
- ◆ **Payroll provider** that handles tax deposits, filings, and overtime calculations correctly.
- ◆ **Required workplace posters** (federal and state), displayed or distributed electronically as allowed.
- ◆ **Written job descriptions** for each role, matching the services in your policies.

FROM THE LIBRARY **Employee Handbook**

\$67

A ready-to-customize employee handbook written for home care: 22 sections covering employment, pay, leave, conduct, client boundaries, safety, and separation, plus 11 employee acknowledgment forms and a customization guide with a state law verification worksheet. Written to match the policy manual so staff and surveyors see one consistent system.

[Shop the Employee Handbook →](#)

Step 7 checklist

- ☐ Caregivers classified as W-2 employees.
 - ☐ Payroll provider set up; minimum wage, overtime, and travel time handled.
 - ☐ Current federal, state, and local wage rules confirmed (with the date I checked).
 - ☐ I-9, W-4, and new hire reporting process in place.
 - ☐ Job descriptions written; employee handbook ready to sign.
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STEP 8 OF 10

Hire, Screen, and Train Caregivers

Your caregivers are your service. Screening protects your clients, and documentation shows you did it.

Screening that holds up to a survey

- ◆ **Application and interview** with consistent, structured questions for every candidate.
- ◆ **Background checks** exactly as your state requires. This may include state criminal history, FBI fingerprint checks, sex offender registry, and state abuse, neglect, or nurse aide registries. Know which offenses disqualify. When using a consumer reporting agency, provide the required standalone disclosure, obtain written authorization, and follow applicable pre-adverse-action and final adverse-action procedures. Check state and local restrictions on criminal-history inquiries.
- ◆ **OIG exclusion check** (the federal List of Excluded Individuals/Entities) for federally funded services: establish documented exclusion screening before hiring or contracting and on an ongoing schedule that meets state and payer requirements. Include applicable state exclusion lists.

- ◆ **Reference checks** documented with who you spoke to and when.
- ◆ **Driver's license, driving record, and auto insurance** for anyone who drives for work.
- ◆ **Complete required health screening at the legally permitted stage.** Where applicable disability law prohibits pre-offer medical examinations, arrange required examinations after a conditional offer and apply them consistently within the same job category.
- ◆ **License or certification verification** for any role that requires one.

Training and supervision

Many licensing states set a minimum number of orientation or training hours before a caregiver works alone, plus annual hours. Common required topics include:

- ◆ Client rights, dignity, and confidentiality
- ◆ Recognizing and reporting abuse, neglect, and exploitation
- ◆ Infection control and hand hygiene
- ◆ Emergency procedures, fall prevention, and home safety
- ◆ Body mechanics and safe transfers (if providing hands-on care)
- ◆ Scope of services: what caregivers may and may not do
- ◆ Documentation and incident reporting
- ◆ Dementia care, where applicable or required

Document competency, not just attendance, for hands-on skills. Schedule and record supervisory visits on the timeline your rules and policies set.

WHAT A SURVEYOR MAY PULL FROM A PERSONNEL FILE

Application, signed job description, background check results, references, orientation and training records with hours, competency checklist, supervisory notes, and signed policy and handbook acknowledgments.

Maintain employee medical information, including TB results and other health-screening records, in separate confidential medical files with restricted access. Provide authorized reviewers access as permitted or required.

Complete and document screening within applicable state deadlines and before assignment when required; verify any conditional-employment restrictions.

Step 8 checklist

☐ Screening steps listed in the order my state requires.

☐ Disqualifying offenses identified.

☐ Orientation curriculum meets required hours and topics.

☐ Competency checklist for hands-on skills.

☐ Supervision schedule set and calendared.

☐ Personnel file checklist used for every hire.

Set Rates and Daily Operations

A busy agency can still lose money. Price from your real costs, and set up the systems that keep care consistent and documented.

The rate formula

Your hourly rate has to cover the caregiver's wage, the employer costs on top of that wage, your overhead, and a profit. Three formulas get you there:

THE THREE FORMULAS

1. **Hourly labor cost** = Caregiver hourly wage $\times$ (1 + burden %)
2. **Bill rate** = Hourly labor cost $\div$ (1 - target gross margin %)
3. **Break-even hours per month** = Monthly overhead $\div$ (Bill rate - Hourly labor cost)

Part 1: Find your burden %

Burden is everything you pay because you employ someone, on top of their wage. Add up your own numbers:

Cost	Typical amount	Where to get your number
Social Security + Medicare (FICA)	7.65% of wages	Fixed by federal law
Federal unemployment (FUTA)	Usually 0.6% on the first \$7,000 per employee per year	IRS; can be higher in some states
State unemployment (SUTA)	Varies; new employers get a rate assigned by the state	Your state's unemployment rate notice
Workers' compensation	Varies widely by state and job class	Your insurance quote (as a % of payroll)
Paid sick leave / PTO	Depends on state law and your policy	Your policy and state requirements
Paid travel time, mileage, overtime	Depends on your scheduling	Your schedule and payroll history

Many agencies land somewhere around 18% to 30% burden. Don't guess: use your workers' comp quote and your state unemployment rate.

Include paid orientation, training, meetings, travel, leave, and other nonbillable time where applicable. Allocate these costs across expected billable hours and avoid counting the same expense in both labor burden and overhead.

Part 2: Choose your target gross margin

Gross margin is the share of each billed hour left after paying the caregiver and their burden. That money pays for everything else: insurance, software, office staff, marketing, your salary, and profit. A common planning range for private-pay agencies is roughly 30% to 40%; below 30%, there is often too little left to run the business. Treat this as a business target, not a rule.

Part 3: Run the numbers (worked example)

Line	Formula	Example	Yours
A. Caregiver hourly wage	Your market rate	\$18.00	
B. Burden %	Add up the table above	22%	
C. Hourly labor cost	$A \times (1 + B)$	\$21.96	
D. Target gross margin	Your choice	35%	
E. Bill rate	$C \div (1 - D)$, rounded up	\$33.78, so \$34.00	
F. Gross profit per hour	$E - C$	\$12.04	
G. Monthly overhead	Every non-caregiver cost, including your pay	\$7,500	
H. Break-even hours per month	$G \div F$	623 hours	
I. Break-even hours per week	$H \div 4.33$	About 144 hours	

In this example, the agency needs about 144 billable hours every week just to cover costs: roughly four caregivers working close to full time. Additional hours contribute toward operating profit while rates, direct costs, and overhead remain consistent with these assumptions. Knowing this number tells you how many clients you need before you stop losing money.

Profitability and cash availability are different. Budget for payroll, payroll taxes, insurance, and other expenses due before client or payer payments arrive. Model payment delays, cancellations, and a slower-than-expected launch.

— QUICK GUT CHECK AND THE OVERTIME TRAP

Gut check: with 18% to 30% burden and a 30% to 40% margin, your bill rate works out to about 1.7 to 2.2 times the caregiver's wage. If yours is well below that, recheck your numbers.

Overtime trap (illustrative): in the example, a caregiver in overtime earns \$27.00 an hour. Applying the same 22% burden as a simplified estimate, that hour costs about \$32.94, leaving about \$1 of your \$34 rate. Model overtime separately with your real payroll costs, schedule to avoid it where you can, and charge a premium rate only where your service agreement and payer rules allow it.

Part 4: Set your pricing rules

- ◆ **Compare locally.** Check three to five agencies in your area. If you're far above them, lead with what makes you worth more; if you're far below, you may be leaving money on the table.
- ◆ **Set visit minimums** (many agencies use 3 to 4 hours) so short visits don't lose money on travel and scheduling.
- ◆ **Set premium rates** for holidays, weekends, short-notice starts, and higher-need clients, where your agreements and payers allow.
- ◆ **Put it in writing:** rates, minimums, cancellation terms, and when rates can change all belong in the client service agreement.
- ◆ **Model Medicaid separately.** Confirm the applicable state fee schedule or managed-care contract rates, authorization limits, billing rules, and payment timing. Test those reimbursement terms against your actual costs before enrolling or signing a contract.

Daily operations to set up before launch

- ◆ **Scheduling and timekeeping** that records clock-in and clock-out. Home care software can handle scheduling, visit notes, and billing in one place.

- ◆ **Electronic Visit Verification (EVV).** For Medicaid personal care services subject to EVV, confirm your state's and payer's requirements, including approved systems, any provider-choice options, required data, and submission procedures.
- ◆ **A missed-visit and call-off process** covering prompt client notification, backup staffing, risk assessment, escalation, and documentation.
- ◆ **Invoicing and collections** with clear terms in the service agreement.
- ◆ **Records storage:** organized client and personnel files, kept for the period your rules require. Set staff access permissions, use multifactor authentication where available, maintain backups, establish secure information-sharing methods, and document how suspected breaches will be handled.
- ◆ **Incident and complaint logs**, even before you need them.

Step 9 checklist

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- ☐ Burden % calculated from my real payroll tax and insurance numbers.
 - ☐ Bill rate calculated with the formula and checked against local competitors.
 - ☐ Break-even hours per week calculated.
 - ☐ Overtime modeled separately.
 - ☐ Visit minimums, premium rates, and cancellation terms set.
 - ☐ Scheduling, timekeeping, and documentation system chosen.
 - ☐ EVV plan in place (if Medicaid).
 - ☐ Missed-visit process, incident log, and complaint log ready.
-

10 STEP 10 OF 10 Complete Required Approvals and Launch

If you've followed Steps 1 through 9, your state's approval process should hold few surprises. Prepare for any required survey or inspection, then open the door.

Do not begin services that require a license, registration, provider enrollment, or other approval until the applicable authorization is effective. If your state permits services under a provisional or staged approval, follow its specific conditions.

What surveyors commonly check (if your state requires a survey)

- ◆ Your policy manual covers every required area and matches your state's rules.
- ◆ Your practice matches your policies: they may interview you and staff.
- ◆ Personnel files are complete and correctly dated.
- ◆ Client files (if you've served clients) show assessments, signed agreements, rights acknowledgments, current care plans, and visit notes.
- ◆ Logs and records: complaints, incidents, training, and supervision.
- ◆ Required postings and notices, and your license and insurance documents.

RUN A MOCK SURVEY FIRST

Before your survey, pull every file and go through it as if you were the surveyor, line by line against your rules. Fix gaps now. Deficiencies found at a survey can mean a written plan of correction and delays in getting approved.

FROM THE LIBRARY Survey Readiness Assessment

\$67

A structured self-audit that helps you review common survey areas alongside your state's requirements: 117 scored items across 10 domains, including licensing, policies, personnel files, client records, supervision, incidents, infection control, wage compliance, and billing, with instructions for pulling sample files.

[Shop the Survey Readiness Assessment →](#)

Your first clients

Referrals drive home care. Build relationships with the people who meet families at the moment they need help:

- ◆ Hospital and rehab discharge planners and case managers
- ◆ Assisted living and independent living communities
- ◆ Elder law and estate planning attorneys
- ◆ Geriatric care managers and aging life care professionals
- ◆ Your local Area Agency on Aging
- ◆ Physicians' offices, churches, and senior centers

Begin building referral relationships during startup, while accurately describing your pending approval status and avoiding promises of a service start date you cannot meet.

Bring a one-page overview of your services, service area, and how fast you can start care. Follow up consistently. And claim your Google Business Profile early, because families search locally.

Step 10 checklist

- ☐ Mock survey completed and gaps fixed.
 - ☐ Survey or inspection completed, if required.
 - ☐ License or other required approval issued, if required.
 - ☐ One-page referral sheet printed.
 - ☐ Ten referral sources identified and first visits scheduled.
 - ☐ Google Business Profile claimed and complete.
-

Scope of Services Worksheet

Before you write your service agreement, job descriptions, or marketing, confirm what your license lets caregivers do. Answer each line from your state's rules, not from what other agencies do.

Task	Allowed under my license?	Conditions (training, supervision, delegation, client direction)	Source (rule and page)
Companionship, safety supervision, reminders	☐ Yes ☐ No ☐ With conditions		
Housekeeping, laundry, meal preparation	☐ Yes ☐ No ☐ With conditions		
Errands, shopping, driving clients	☐ Yes ☐ No ☐ With conditions		
Bathing, dressing, grooming, toileting (hands-on personal care)	☐ Yes ☐ No ☐ With conditions		
Transfers and mobility help (gait belt, mechanical lift)	☐ Yes ☐ No ☐ With conditions		
Feeding assistance and special diets	☐ Yes ☐ No ☐ With conditions		
Medication reminders	☐ Yes ☐ No ☐ With conditions		
Medication assistance (opening containers, handing medication)	☐ Yes ☐ No ☐ With conditions		
Non-prescription creams or lotions on intact skin	☐ Yes ☐ No ☐ With conditions		
Vital signs or blood sugar checks	☐ Yes ☐ No ☐ With conditions		
Wound care, injections, catheter or ostomy care	☐ Yes ☐ No ☐ With conditions		
Dementia or memory care (extra training or a separate endorsement?)	☐ Yes ☐ No ☐ With conditions		
Live-in or 24-hour shifts	☐ Yes ☐ No ☐ With conditions		
Services for children or people with disabilities (separate license or program?)	☐ Yes ☐ No ☐ With conditions		
Other: _____	☐ Yes ☐ No ☐ With conditions		

WHAT TO DO WITH YOUR ANSWERS

Anything marked No stays out of your service agreement, client handbook, job descriptions, care plans, and marketing. Anything marked With conditions goes into your policies, caregiver training, and care plan forms, with the condition written out. Tasks that need a health care or nursing license are not non-medical care in most states; if you are unsure, ask your licensing office in writing and keep the answer with this sheet.

YOUR NEXT STEP

Save Time on the Longest Steps

The steps that usually take new owners the longest are writing the policy manual and handbooks and getting ready for review. Homecare Kickoff documents are organized and ready to customize, so you review and adapt instead of starting from a blank page.

Product	Roadmap step	Price
Policies & Procedures Manual	Step 5	\$197
Client Handbook	Step 6	\$57
Employee Handbook	Step 7	\$67
Survey Readiness Assessment	Step 10	\$67
Complete Bundle : all four, plus the Business Plan Kit as a free bonus	Steps 5, 6, 7, 10	\$297 (save \$91 on the four)

Free companions: the [Licensing & Startup Checklist](#), the [Startup Budget Worksheet](#), and [The First 90 Days](#).

GET THE COMPLETE BUNDLE

The manual, both handbooks, and the Survey Readiness Assessment, written to match each other, plus the Home Care Business Plan Kit free.

[Shop the Complete Bundle →](#)

Skip the guesswork. Start compliant.

Disclaimer: This roadmap and Homecare Kickoff documents provide general educational information and customizable documents. They are not legal, tax, insurance, or regulatory advice, and they do not guarantee licensure or survey results. State requirements vary and change. Verify all requirements with your state licensing agency and consult licensed professionals as needed. Prices as of October 2026. © 2025–2026 Homecare Kickoff. Free to download, print, and use for your own agency. You may share this PDF unchanged and with credit to Homecare Kickoff. Please don't sell it or publish edited versions. Version 3.0 · Reviewed October 2026. Questions? [Contact us](#).