



**2022 Home Care  
Cooperative  
Benchmarking Report**  
Cooperatives Weathering The Storm





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## Introduction

In its fifth year, the 2022 Home Care Cooperative Benchmarking Survey captured data on the state of the national home care cooperative sector. Reflective of the broader home care industry, in calendar year 2021, the home care cooperative sector experienced both wins, losses and continued challenges, amplified by the rolling effects of the Covid-19 pandemic.

Like the economy as a whole, in 2021, home care cooperatives began the process of shifting from shock and immediate crisis response to redefining home-based care in the "new normal." Many home care cooperatives were able to mitigate financial losses through federal, state, and private support and in many cases make new job quality investments to support a workforce that was heavily stressed and stretched in the preceding years. At the same time, Covid-19 infections were still rampant in 2021, and the ability to provide caregivers with a safe working environment and clients safe care, while maintaining consistent business operations, continued to be the primary obstacle for home care cooperatives.

Within this complex context, new cooperatives were added to the sector, while others closed. Client tenure increased while sector revenues decreased. Membership decreased while the number of caregivers employed by home care cooperatives increased. There were many ups and downs. Taking a longer-range view, however, one sees signs of continued forward progress.

For example, in the last four years the home care cooperative sector saw the same number of new home care cooperatives launched as the preceding 32 years; the number of new cooperatives is now double the number of cooperatives just four years ago and interest in the model is high and growing. The home care cooperative model is also expanding to new and diverse communities, with many new home care cooperative initiatives being led by BIPOC groups. Finally, cooperation among cooperatives in the home care sector is stronger than ever, with cooperatives sharing and collaborating in new and exciting ways, and support for the launch of Elevate Cooperative, the home care cooperative sector's new secondary co-op, growing.

***"The COVID-19 pandemic has affected home care agencies-- including home health agencies-- and their staff in several important ways. Some of the challenges encountered were entirely new and resulted directly from the pandemic. In other cases, the pandemic worsened long-standing challenges in the industry."*** —Courage Home Care Cooperative

As you read the results of this year's home care cooperative benchmarking survey, you will see challenges, but also a dynamic sector ripe with possibility in a time when industry change is needed more than ever. We hope this report will deepen your own commitment to fostering this change, and building a future where worker-owned home care is the norm, and home care is appropriately valued for its contribution to society and the economy.

## About the Report

The 2022 Home Care Cooperative Benchmarking Report provides insights into the calendar year 2021.

In 2021:

- ▶ 13 home care cooperatives responded to the survey.
- ▶ 12 of the 14 reporting cooperatives served clients for the entirety of 2021--informing the majority of the analysis.
- ▶ Two cooperatives discontinued operations in 2021.
- ▶ Two newly incorporated cooperatives were added to the network of home care cooperatives.
- ▶ One cooperative started serving public pay clients in 2021, increasing the number of co-ops that serve public pay clients to 4.

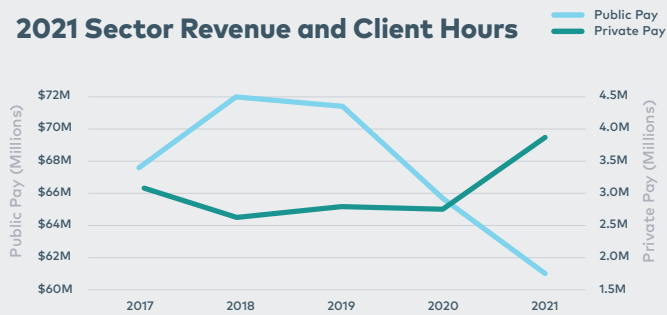
The Home Care Cooperative Benchmarking survey and report are created with the continued generous support of the Cooperative Development Foundation and the United States Department of Agriculture Rural Cooperative Development Grant.



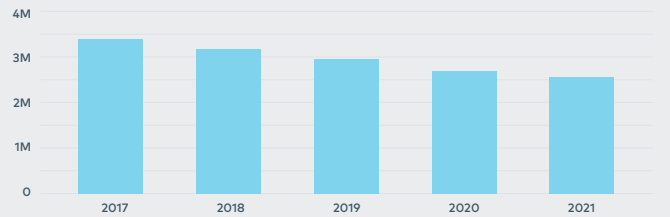


# Key Findings on the Home Care Cooperative Sector in 2021

## 2021 Sector Revenue and Client Hours

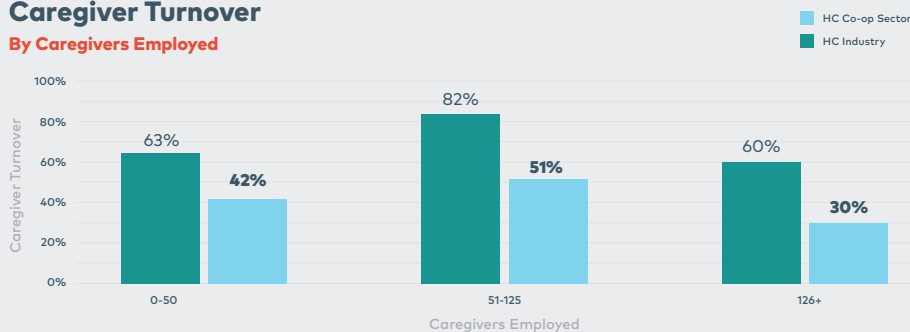


## Total Sector Client Hours



## Caregiver Turnover

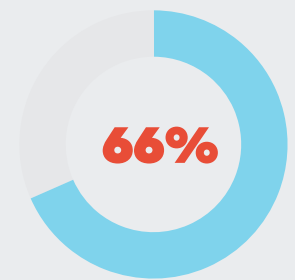
By Caregivers Employed



In every size category, turnover at home care cooperatives is lower than the overall industry by at least 20 percentage points.

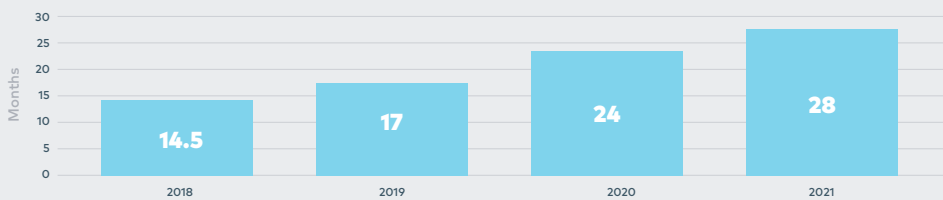
## 2021 Home Care Cooperative Membership

In 2021, cooperative membership decreased from 68% to 66%



## Median Caregiver Tenure

Tenure in Months



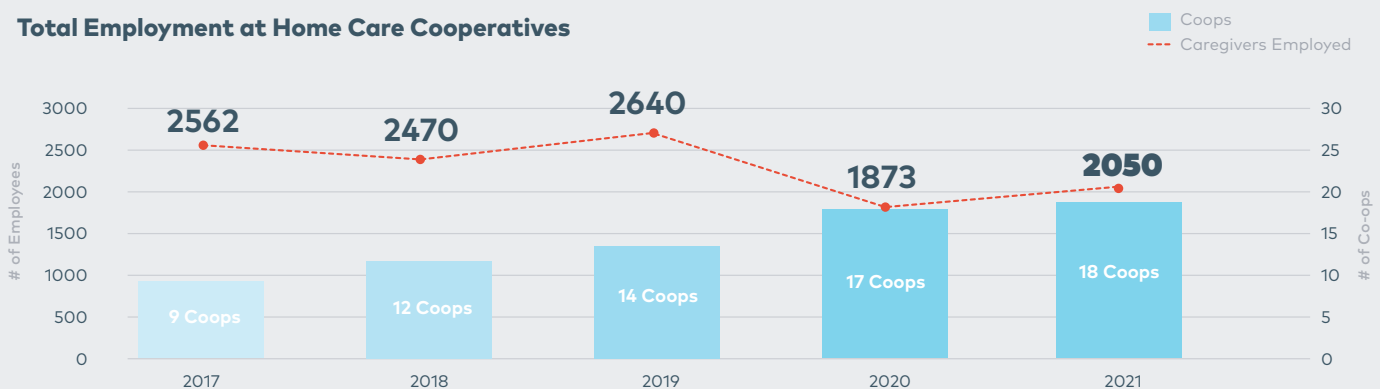
Caregiver tenure increased by 4 months to 28 months in 2021.

## Industry Wage Comparison

**\$0.86**

Home care cooperatives on average pay their caregivers \$0.86 more per hour than their non-cooperative counterparts

## Total Employment at Home Care Cooperatives



## Sector Wins and Challenges

2021 proved to be another trying year for home care cooperatives, but one with many bright spots and an overall trend of recovery.

### **Wins:**

- ▶ For a fifth year in a row, home care cooperatives outperformed the larger industry in terms of median caregiver turnover by over twenty percentage points.
- ▶ In the face of increased operational costs, home care cooperatives again demonstrated a higher average caregiver wage than their non-cooperative counterparts.
- ▶ Caregiver tenure continued its upward trajectory in 2021, with significant growth seen for cooperatives in business 5 or more years.
- ▶ Average client tenure at home care cooperatives grew significantly in 2021, while client tenure decreased at non-cooperative agencies.
- ▶ Despite continued pandemic related challenges, the home care cooperative sector grew both in terms of the number of cooperatives and the number of caregivers employed.

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### **Challenges:**

- ▶ Despite growth in the total number of cooperatives and the number of caregivers employed by home care cooperatives, revenue and client hours have yet to recover to pre-Covid levels, reflecting slower recovery for more established cooperatives.
- ▶ 2021 saw increasing competitive pressure from non-cooperative agencies, and jobs in adjacent industries (namely retail and foodservice), intensifying recruitment and retention challenges for cooperatives.
- ▶ Relatedly, cooperative membership dipped in 2021, likely another symptom of competitive pressure by non-cooperative agencies and signaling a need for cooperatives to better communicate and deliver on the cooperative difference.
- ▶ Public pay revenue (and relatedly, publicly funded client hours) continued to decrease for the home care cooperative sector, reflecting a variety of continued challenges including inadequate public reimbursement rates to support competitive wages.

# 2021 Benchmarking Survey Results

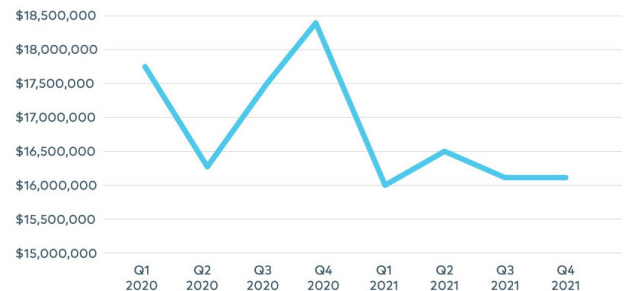
## ▶ Business Metrics

### Revenue:

The home care cooperative sector continued to see a decrease in revenue and client hours in 2021. The increase in revenue seen at the end of the fourth quarter of 2020 resulted from many of the cooperatives receiving assistance from Covid-19 financial relief programs--a critical lifeline for many. While the total sector experienced decreases, some exciting developments occurred at the individual cooperative level. Specific findings included:

- ▶ Mirroring calendar year 2020, revenue earned from public payers in 2021 made up 94% of the home care sector, with 6% of the sectors revenue coming from private payers, including long term care insurance.
- ▶ Public pay revenue for the sector decreased by 7%
- ▶ Private pay revenue for the sector increased by 34%
- ▶ Total client hours for the sector decreased by 5%
- ▶ All but three cooperatives experienced decreases in client hours
- ▶ Two cooperatives launched in 2020, and as a result of operating for all of 2021, their total client hours increased.
- ▶ One previously established cooperative experienced 100% growth in client hours between 2020 and 2021, resulting in higher revenues.
- ▶ One cooperative with lower client hours still increased its revenue from 2020 to 2021 due to the integration of higher-paying private pay clients and higher-paying VA clients.

### Total Home Care Co-op Sector Revenue by Quarter

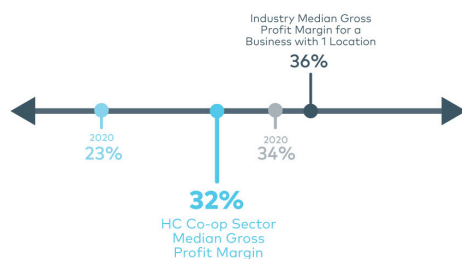


### Profit Margins:

Home care cooperatives continue to pay caregivers more per hour than their non-cooperative counterparts. As a result, their gross profit margins are lower than the industry's. Higher wages mean higher direct costs and lower gross margins. What's most compelling this year is that even

with a lower gross profit margin, home care cooperatives came within 4.2 percentage points of the industry's gross margin and improved 8.8 percentage points compared to 2020 (going from a 23% gross margin in 2020 to 32% in 2021). In contrast, the industry's gross margin only increased by 0.8 percentage points.

### Cooperative and Standard Agency Gross Profit Margin Comparison (2020-2021)

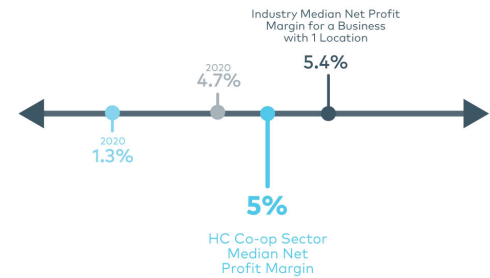




Other specific findings include:

- ▶ In 2021, home care cooperatives increased the sector's median gross profit margin from 23% to 32%. For every dollar the cooperatives earned in 2021, \$0.68 went towards employing caregivers and \$0.32 to pay for everything else.
- ▶ The broader home care industry only spent \$0.63 of every dollar of revenue on employing caregivers in 2021.
- ▶ In 2021, home care cooperatives had a median net profit of 5%. In other words, for every dollar earned, the cooperatives earned approximately \$0.05 in profit.
- ▶ The cooperative sector improved its median net profit margin by 3.7 percentage points, while the industry only improved theirs by 0.7 percentage points.
- ▶ The home care cooperative median net profit margin was within earshot of the industry's, being only 0.4 percentage points lower.

### Cooperative and Standard Agency Net Profit Margin Comparison (2020-2021)

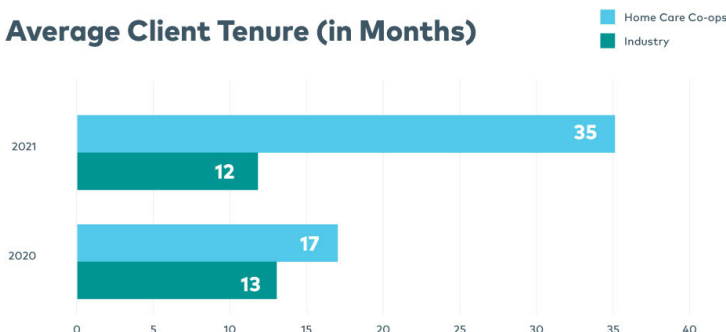


### Clients:

Home care cooperatives shined bright with client tenure in 2021. In 2021, home care cooperatives demonstrated strong gains in client tenure—the length of time a client stays with the same service provider. This is likely due to a combination of consistent caregivers and strong communication about and adherence to Covid safety protocols, increasing client confidence. Specific findings include:

- ▶ Client tenure increased by 18 months from 2020 to 2021, resulting in a total average of 35 months. Meanwhile, the larger industry's average decreased by a month to 12 months.
- ▶ The top client referral source for the cooperative sector was its own clients. Tied for second place was Caregiver/employee referrals and Internet-Google ads/Pay per click ads, and third was health care professionals at hospice facilities and hospitals.
- ▶ Private pay clients receiving care from cooperatives paid a median service rate of \$27.50 per hour for 3+ hours of care, \$28.75 per hour for 2-3 hours of care, and \$29.25 per hour for 1-2 hours of care.

### Average Client Tenure (in Months)

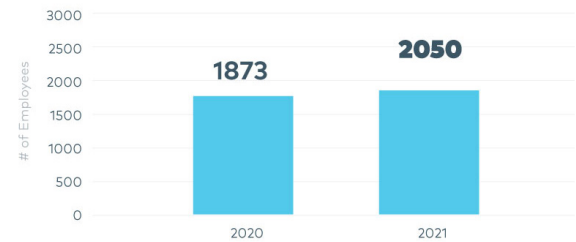


## ► Caregiver Metrics

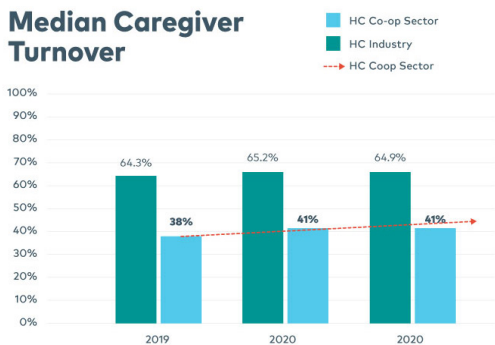
In 2021, caregivers continued to struggle with the conditions created by the pandemic. Many schools were still remote, trying hybrid models, or experiencing frequent closures requiring parents to stay home. Low wages from working in the home care industry continued to qualify people for public income assistance so they could safely stay home providing care and support to their families instead of risking the health of their households by exposing themselves to infection. Even so, home care cooperatives were able to shine as the entire industry struggled to recapture or entice caregivers back to the field. Specific survey findings include:

- The home care cooperative sector welcomed 177 new caregivers.
- The home care cooperative sector maintained an industry-leading turnover rate of 41% compared to the larger industry's 65%.<sup>1</sup>
- When comparing co-op turnover rates to conventional agencies of the same size, home care cooperatives still had lower turnover rates than the larger industry.
- Cooperatives' top 2 caregiver recruitment channels matched the larger industry with Indeed and Caregiver Referrals in first and second place. Tied for third place, social media and the cooperatives' websites were the third most effective caregiver referral sources.
- Caregiver tenure continued to grow and increased by 4 months to 28 months, in 2021.
- Cooperatives in business for 5 years or more had their median caregiver tenure increase from 31 to 55 months!<sup>2</sup>

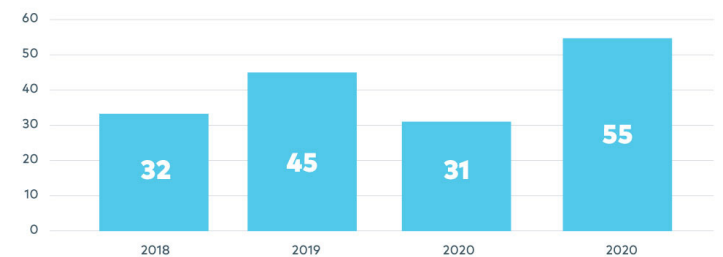
## Caregivers Employed by Home Care Co-ops



## Median Caregiver Turnover



## Caregiver Tenure (in months) for Co-ops Operating for 5 or More Years



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1. 2022 Home Care Pulse Benchmarking Report

2. Two cooperatives were added to the census of cooperatives in operation for 5 or more years in 2021.

One of which had a very committed workforce for the entirety of its 5 years increasing the figure significantly.

## Wages:

Home care wages vary widely across the United States. Generally, however, there has been an upward trend everywhere as the caregiver shortage crisis intensifies. When looking at cooperative wage data, isolating the states that home care cooperatives operate within allows for more sound comparisons. Specific findings include:

- ▶ In 2021, all cooperatives paid caregivers the same or more than their non-cooperative counterparts in the same states they operate in.
- ▶ The weighted average wage for the home care cooperative sector was \$14.60 per hour, \$0.86 more than the industry's weighted average of \$13.74.<sup>3</sup>
- ▶ Between 2020 and 2021, home care cooperatives raised their wages by an average of \$1.02.
- ▶ The industry was not far behind, with an increase of \$0.87, the highest non-cooperative increase noted since sector benchmarking began.

### Increase in Caregiver Wages

Increase Relative to Previous Year



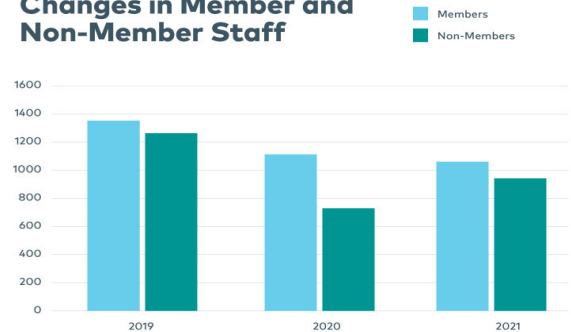
While the cooperatives' wage lead is shrinking, it's critical to note that home care cooperatives have always strived to pay caregivers more, because they believe caregivers deserve it, not just as a reactive response to the worker shortage.

## Membership Metrics:

A metric unique to a home care cooperative is its membership— the proportion of staff that purchase an equity share of the cooperative to engage in its governance and share in the benefits of ownership. Even during financially difficult times, as seen in 2020 and 2021, worker-owners rally around their cooperatives and each other to ensure continued success. Being 'bought-in' to the success of the cooperative is so much more than an equity share contribution. Specific membership findings include:

- ▶ Total sector membership decreased from 68% to 66% in 2021.
- ▶ Membership for smaller cooperatives was 69% in 2021 and had a more significant decrease from 72% in 2020. This was an interesting shift from 2020, which had seen stronger membership numbers. This may reflect the general fatigue of frontline workers, cooperative or not.
- ▶ Of the ten operational cooperatives in 2020, 5 cooperatives experienced increases or steady states in membership between 2020-2021, while the others experienced decreases.
- ▶ While membership decreased slightly, the sector saw growth in non-member caregivers, indicating a potential recovery.

### Changes in Member and Non-Member Staff



3. Weighted averages are used to account for how many HHA/PCAs earn a specific wage. A traditional average can be skewed when one state or home care provider pays \$18/hr for care when the remainder of states are paying \$14 or less. Weighted averages account for the fact that more caregivers make \$14/hr or less instead of weighing the figures all equally.



## Conclusion

2021 was a volatile year for home care cooperatives. As reflected by the data, there were many continued challenges resulting from the Covid-19 pandemic, and many ongoing uncertainties. At the same time, cooperative member-owners pushed on, committed to delivering quality jobs and quality care, at a time when it was needed more than ever.

In this incredibly challenging landscape, home care cooperatives and the cooperative model provided inspiration and hope to many. New caregivers took jobs with home care cooperatives, new developers and funders took up home care cooperative development projects, and those already invested in the sector doubled-down support. Together this energy carried the sector forward to 2022, where it stands on a strong foundation for continued recovery and growth.

In the years ahead, home care cooperatives will need to work smarter, not harder, to maintain their edge and to continue to push the boundaries on what it means to be a quality employer and provide quality care in an economy and society that undervalues care work. Luckily, cooperatives have each other and a common road map in the seven cooperative principles to guide them.



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**“As we continue to grow and stabilize, 2023 offers tremendous opportunity for our collective learning and deepening in connection...We will continue to hire more exceptional caregivers and onboard more wonderful clients. [I am] looking forward to building our movement with a team of committed, kind folks.”**

—Paulette LaDouceur, Capital Homecare Cooperative