

# The Essential Guide to Payroll and Compliance for Home Healthcare

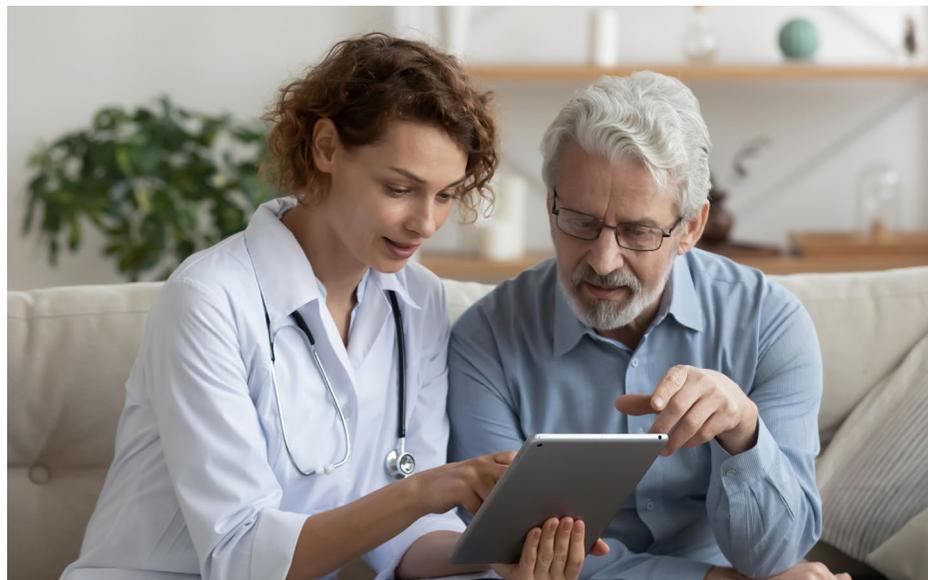


# Introduction

Payroll for home healthcare goes beyond simply running payroll; it's a vital component of your agency's success. It ensures that your employees are paid accurately and on time, aligns with their pay preferences, supports compliance with state and federal tax laws, and drives long-term growth.

But, choosing the right payroll provider for home healthcare may feel overwhelming, especially if you have recently switched providers or are exploring home healthcare-specific software for the first time. That's why we've streamlined the decision-making process into three easy steps. You can navigate change effectively and transition seamlessly to a new system by **Identifying Your Pain Points, Assessing Your Agency's Needs, and Selecting Payroll for Home Healthcare.**

This resource will provide you with guidance on the features you should look for and questions to consider when selecting a payroll provider for home healthcare, so you have more time to focus on what really matters: providing high quality care to your patients.



## Choose the Right Payroll Provider in 3 Easy Steps

- 1 Identifying Pain Points
- 2 Assessing your Agency's Needs
- 3 Selecting a Home Healthcare-Focused Solution

# Identifying Pain Points

Payroll in the home healthcare industry is uniquely complex due to the dynamic nature of its workforce and operations. Finding the right payroll solution starts with understanding the specific challenges your agency faces. We've gathered the most common payroll obstacles when it comes to home healthcare, most of which may already be familiar to you.

## Complex Pay Structures

Your home healthcare staff often take on various roles or work in multiple locations, requiring different pay rates within the same pay period. Additionally, many agencies offer different hourly compensation for night shifts, weekends, or holiday work. Unfortunately, managing distinct rates manually can lead to errors and late pay, which can cause employee dissatisfaction and turnover.

32%

of employees would consider looking for a new job after one missed paycheck<sup>1</sup>

26%

would do so after one incorrect paycheck



**Being able to pay people on time is number one. If you don't pay people on time, you can forget about your business. When my nurses know they will be paid on time even when they can't send in their hours for some reason, they feel secure and they tell their friends how reliable and flexible we are. And they happily refer other nurses to us."**

—Carlos Collado, Owner, Nova Care Agency

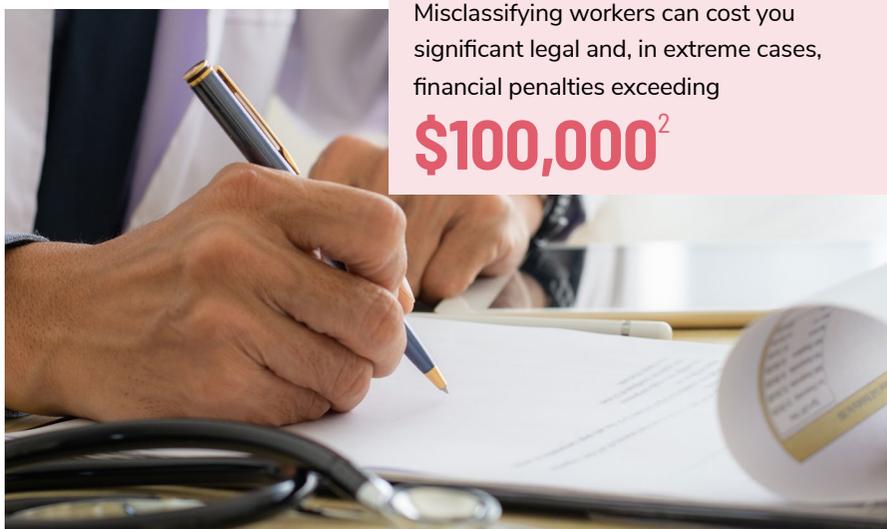


## Time Tracking and Compliance

Your caregivers are likely to work irregular hours, split shifts, on-call shifts, or across multiple patient homes, making accurate time tracking challenging. At the same time, running payroll in home healthcare requires you to navigate a complex web of federal, state, and local regulations, including wage and hour laws, tax filings, and state-mandated sick leave policies. Ensuring compliance with laws such as the Fair Labor Standards Act (FLSA) is critical to report accurately and avoid costly penalties; for example, violating the FLSA can cost your agency up to \$10,000<sup>2</sup>.

## Employee Turnover and Data Management

As you are aware, the home healthcare turnover rate is extremely high, jumping to 80% turnover within the first one hundred days of tenure<sup>3</sup>.



This creates a constant need for updating payroll records and streamlining onboarding processes. Adding to the challenge, administrators must manage benefit deductions, such as 401(k) contributions, and track PTO for a diverse workforce, further increasing the operational load. In fact, 63% of organizations use spreadsheets, manual processes, or disjointed systems to manage data, which can be time-consuming, repetitive, lack compliance, and prone to significant errors<sup>4</sup>.

## Worker Classification

Home healthcare agency owners must carefully [classify workers](#) as employees or independent contractors and store relevant certifications in a centralized location. Misclassification or caregivers working without proof of licensure can cost you significant legal and, in extreme cases, financial penalties exceeding \$100,000<sup>5</sup>.

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<sup>2</sup> U.S. Department of HHS

<sup>3</sup> HCAOA: Home Care Turnover Rate Jumps to 80%

<sup>4</sup> [PrimePay Research Report: The Role of Data & Tech in the Employee Experience](#)

<sup>5</sup> US Dept. of HHS: Office of Inspector General

# Assessing Your Agency's Needs

To address your specific payroll challenges, home healthcare agencies need a solution designed specifically for your unique needs. We've provided an outline of the essential features to look for and questions to ask to ensure your system supports scaling, compliance, and long-term success.

## Questions to Ask When Evaluating New Payroll Software:

- Does the software support multiple pay rates for caregivers working at various locations or complex pay structures, including overtime, shift differentials, and retro pay?
- Does it automate payroll tax calculations and filings for federal, state, and local rules?
- What features does the software include to improve caregiver satisfaction and retention, such as on-demand pay or time off tracking?
- How does the software ensure compliance with state and federal wage and hour laws, including Fair Labor Standards Act (FLSA) requirements? Does it automatically update to reflect changes in payroll and tax laws, including state-mandated sick leave policies?
- How does the software store and manage caregiver licenses or certifications?
- Are there built-in tools for reporting and tracking new hires for compliance purposes?
- Does it automate importing pre-calculated pay rates and hours from scheduling systems?
- Can the software scale as the agency grows or expands operations to serve multiple states?
- Are there additional fees for processing multiple payrolls, per payroll run, or for General Ledger integration?

## Payroll Software Key Features

Features	PrimePay	Other Vendors
Certification Management	• Yes	• No
Error Detection/Built-in Compliance Checks	• Yes	• Limited, at an additional cost
Auto-Load Pre-Calculated Rates	• Yes	• Limited, at an additional cost
Automatic changes in payroll, tax, and leave policies	• Yes	• Limited
Mobile-First Employee Self-Service	• Yes	• Limited
Unlimited Payroll Runs	• Yes	• Limited, at an additional cost
No Charge per Payroll Run	• Yes	• Yes, at an additional cost
General Ledger Integrations/Reports	• Yes	• Yes, at an additional cost
Wage Garnishments	• Yes	• Yes, at an additional cost
Payroll-Connected On-Demand Pay	• Yes	• Limited, at an additional cost
Configurable Reporting	• Yes	• Limited, at additional cost

# Selecting a Home Healthcare-Focused Solution

When it comes to payroll and HR software for home healthcare, selecting a solution tailored to your agency and industry is essential. PrimePay delivers a comprehensive solution that simplifies payroll, ensures regulatory compliance, and meets the unique needs of your agency. By seamlessly integrating pre-calculated rates with our advanced payroll technology, we simplify the complexities of home healthcare payroll and enable your agency to focus entirely on delivering exceptional care.

## Why PrimePay



### AUTOMATED

Managing caregiver payroll, taxes, agency tax filings, and bank reconciliations by yourself can feel overwhelming and puts you at risk of manual errors. PrimePay simplifies the entire process with automated payroll, time off management, and accrual tracking, saving you time and reducing administrative burden.



### INTEGRATED

Keeping track of different wage rates and running complex pay calculations can create significant payroll challenges, especially when managing these rates across disjointed systems. With features like unlimited payroll runs, direct deposit and debit card options, and auto-loading pre-calculated rates, PrimePay streamlines your payroll so you can focus on delivering exceptional care.



### COMPLIANT

Staying on top of ever-changing labor and payroll regulations can be difficult, especially if you must deal with other issues such as caregiver scheduling and operating the agency. PrimePay keeps your agency compliant with payroll technology that proactively addresses errors and automates payroll tax filing, payroll and new hire reporting, and General Ledger Integration.



### EMPLOYEE CENTRIC

Reducing caregiver turnover is a major challenge for home healthcare owners, as a lack of self-service tools or earned wage access can leave caregivers feeling undervalued, leading to lower retention. PrimePay addresses these challenges by empowering caregivers to manage their payroll and HR through our self-service portal and access their wages on demand at no extra cost.



**We looked at other systems, but the flexibility PrimePay offered – and the user-friendliness – made it the obvious choice. I'd recommend PrimePay to any organization whether they have 10 or 100 employees."**

– Carlos Collado, Owner, Nova Care Agency

# Next Steps:



[Click to learn more about how PrimePay can help your home care organization.](#)



## Additional Resources

**eRSP Press Release**

[Learn more >](#)

**Nova Care Agency Customer Story**

[Learn more >](#)

**eRSP Webinar**

[Learn more >](#)

**Payroll for Home Healthcare Interactive Demo**

[Learn more >](#)

## About PrimePay

PrimePay® makes payroll and HR complexity disappear. We've packaged 38 years of experience and an unrelenting commitment to service into an intelligent, versatile HCM platform for small and large organizations. As the official payroll partner for eRSP, a leader in innovative home care software, agencies like Nova Care Agency rely on the PrimePay Platform to replace manual work, replace compliance worries, and stop wasting time on things that should just work, so they can get back to work.

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