EMPLOYEE TURNOVER IN HOME HEALTHCARE

The Real Cost of Turnover

What it's actually costing your agency — and the benefit strategies that help you keep great caregivers

Matt Cover – Reef Health

AZNHA 2026

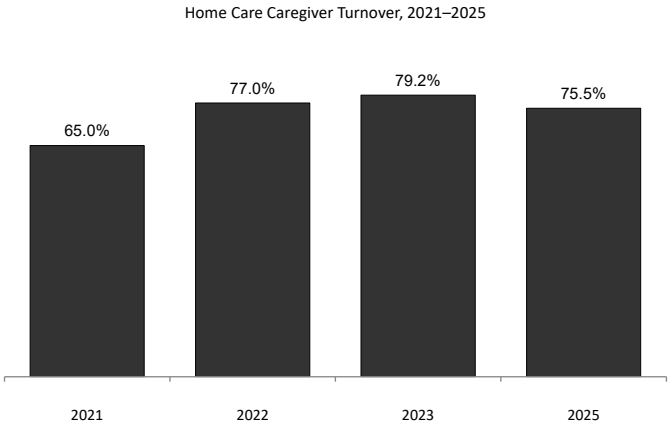
THE SCALE OF THE PROBLEM

One number should worry every owner in this room

75.5%

median caregiver turnover in 2025 — roughly three out of every four caregivers an agency employs will be gone within the year.

For context: PSWs run 44–65% annual turnover and home-care nurses 25–31% — both well above hospital nursing (15–44%) and physicians (5–7%).



Sources: HCAOA / Home Care Pulse Benchmarking Report; HHAeXchange, "Recruiting & Retaining Caregivers in 2025"; PMC, "Cost of Turnover in Home Healthcare" (2026).

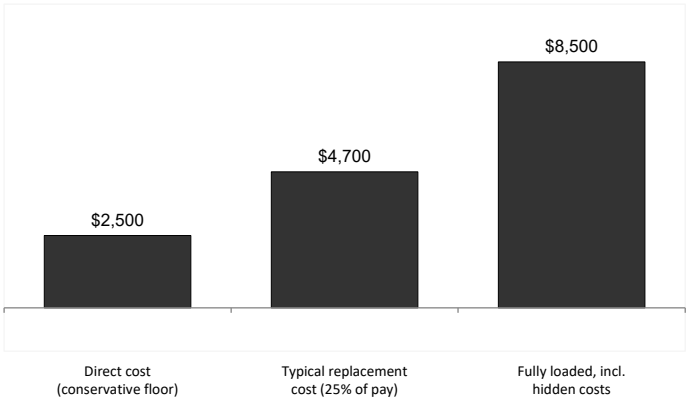
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THE OBVIOUS COSTS

Every departure has a receipt

Recruiting, screening, hiring, and training a replacement caregiver isn't free — and the more completely you count it, the bigger the number gets.



$2,500

PHI National's documented floor for direct turnover cost per frontline worker

$1,885–$5,276

Range found across individual turnover-cost studies in long-term care

$6,368–$10,709

Per worker once lost productivity and indirect costs are included

Sources: PHI National, "The Cost of Frontline Turnover in Long-Term Care"; Activated Insights, "Costs of Caregiver Turnover."

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DO THE MATH

What does this cost your agency, specifically?

Cost per departure × Caregivers who leave this year = **Your annual turnover bill**

A 100-caregiver agency at the national turnover rate

66 departures × $2,600 avg. replacement cost

$171,600 / yr

in direct replacement costs alone — before a single hidden cost is counted

What's your number? Multiply your own headcount, turnover rate, and average wage to find out.

Source: Activated Insights, "Costs of Caregiver Turnover" (avg. replacement cost, 100-caregiver model).

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THE HIDDEN COSTS

The costs above the waterline are the small ones

ABOVE THE LINE — what you budget for

Recruiting • screening • hiring • onboarding & training

BELOW THE LINE — what you rarely measure

- Unfilled shifts — overtime & temp/agency staffing
- Missed client referrals in a pay-per-visit model
- Care continuity & quality decline for existing clients
- Reputation, reviews, and family trust
- Scheduler & manager burnout → more turnover

$4.1B

estimated annual cost of frontline turnover across long-term care nationally

$2.5B

of that cost is ultimately borne by Medicare and Medicaid — the payers behind most home care

Pay-per-visit reality

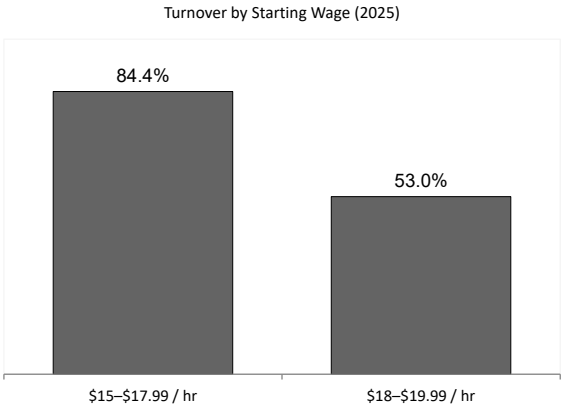
An unfilled shift isn't just a gap — it's a referral you may not get to accept.

Sources: PHI National, "The Cost of Frontline Turnover in Long-Term Care"; PMC, "Cost of Turnover in Home Healthcare: A Conceptual Model" (2026).

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WHERE IT HITS HARDEST

Turnover isn't evenly distributed — it clusters



A $2/hour starting-wage gap is associated with a 31-point swing in turnover.

80%

of caregiver turnover happens within the first 90 days on the job.

That means your onboarding experience — not your exit interview — is where turnover is actually won or lost.

Sources: HHAeXchange, "Recruiting & Retaining Caregivers in 2025"; Aaniie, caregiver retention research.

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UNDERSTANDING RETENTION

What actually makes caregivers stay

"Caregivers leave because they feel undervalued, unsupported, or unsure of their place in the organization — not just because of pay."

A strong first impression

Structured onboarding that prepares caregivers from day one, not a stack of paperwork.

Scheduling that respects their life

Flexibility and predictability that prevents burnout before it starts.

Communication that goes both ways

Caregivers who feel heard by supervisors and leadership stay longer.

A visible path forward

Training, certifications, and career steps that show this is a job with a future.

Compensation still matters — it's just not the whole story

94.1%

of agencies now offer some form of benefit — up sharply as the labor market has tightened.

The agencies winning the turnover fight pair fair pay with the support and growth caregivers say they actually want.

Sources: Activated Insights, "Caregiver Retention in Home and Senior Care"; HHAeXchange (2025 benefits prevalence).

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PROVEN RETENTION LEVERS

The investments that move the number

Structured training

+$350K

avg. annual revenue for agencies meeting training benchmarks

8+ hrs onboarding, 12+ hrs ongoing (incl. compliance)

Measured outcomes

68.2%

of agencies tracking training report fewer client complaints

55.3% also report improved 90-day retention

Career pathways

7.0%

of agencies currently offer a defined advancement path

A wide-open opportunity most competitors are ignoring

Source: Activated Insights, 2025 Benchmarking Report; HHAeXchange, "Recruiting & Retaining Caregivers in 2025."

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THE BENEFITS GAP

Traditional group health wasn't built for this workforce

Most home care agencies staff a largely part-time, hourly workforce with variable schedules. Traditional group health plans assume the opposite.

+10–30%

year-over-year premium increases small employers report on traditional group plans

Hours-based eligibility

excludes many caregivers who work part-time or variable schedules from group coverage entirely

94.1% offer “a benefit”

but that's often PTO or a stipend — not health coverage that reaches frontline caregivers

The opportunity: benefit structures that don't require full-time hours or a traditional group plan to deliver real value.

Sources: Summit Health Benefits, “Small Business Health Insurance Alternatives” (2026); HHAeXchange (2025 benefits data).

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SOLUTIONS

Three ways to rethink benefits for an hourly workforce

Section 125 Cafeteria Plans

WORKS ALONGSIDE ANY PLAN

- Pre-tax payroll deductions for premiums, FSA, or wellness expenses
- Can include part-time employees
- Employer saves ~7.65% in payroll tax on every dollar elected

ICHRA / QSEHRA

INDIVIDUAL COVERAGE, EMPLOYER-FUNDED

- Employer sets a fixed monthly allowance per employee
- Employee buys their own ACA-compliant plan
- Different classes possible for part-time vs. full-time staff

Tax-Preferred Wellness Plans

FEATURED DEEP-DIVE, NEXT

- Pre-tax dollars fund preventive & wellness expenses
- No group-plan enrollment or hours threshold required
- Real payroll tax savings for the agency, real take-home savings for caregivers

Sources: PeopleKeep, “What Is a Section 125 Plan?”; Summit Health Benefits, “Small Business Health Insurance Alternatives.”

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DEEP DIVE

Tax-preferred wellness plans, in plain terms

Under IRS Section 125, caregivers can set aside pre-tax payroll dollars for eligible preventive and wellness expenses — screenings, mental health support, smoking cessation, weight management. Everyone's tax bill goes down, no group plan required.

For the agency

$3,800+ / yr

in employer payroll tax savings for 50 employees each electing $1,000/yr pre-tax ($50,000 total elections × ~7.65% FICA/FUTA).

For the caregiver

~$250 / yr

in tax savings for an employee spending $1,200/yr on qualified wellness services in the 22% federal bracket — real money, no premium required.

Source: Alloy Employer Services, "The Tax Advantage of Section 125 Preventative Health Wellness Plans."

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THE ROI CASE

Retention investments pay for themselves — fast

Program cost

$4,680 / yr

a structured satisfaction & retention check-in program for 100 caregivers

Net savings

$13,520 / yr

vs. the cost gap between average and low-turnover "Leader in Excellence" agencies

~2.9×

return on a modest, well-run retention program

Every point of turnover you shave off cuts directly into the $171,600/yr baseline bill a 100-caregiver agency otherwise pays.

Source: Activated Insights, "Costs of Caregiver Turnover" (satisfaction-program cost/benefit model).

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ACTION PLAN

Your next 90 days

1. **Calculate your true cost of turnover**
   Use your own headcount, turnover rate, and average wage — not the national average.
2. **Audit the first-90-day experience**
   That's where 80% of turnover happens. Fix onboarding before you fix anything else.
3. **Build one visible career step**
   Only 7% of agencies offer a real advancement path — even one rung stands out.
4. **Evaluate Section 125 / ICHRA / wellness plan fit**
   Find the structure that reaches your part-time, hourly caregivers.
5. **Track training hours and outcomes**
   Agencies that measure it see fewer complaints and better 90-day retention.

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Turnover is expensive.

Retention is a strategy.

Thank you — let's talk about what fits your agency.

Matt Cover
Questions & discussion

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APPENDIX

Sources

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