



# CONTRACTOR MANAGEMENT SYSTEM REMOVES HOMECARE PROVIDER FROM DOL'S CROSSHAIRS

**THE TECHNOLOGY SOLUTION ADDRESSED  
FAB'S MISCLASSIFICATION RED FLAGS —  
AND AUTOMATED A NUMBER OF  
TIME-CONSUMING TASKS**

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*"I sleep a lot better now,"*

says Chaffins, who's also on the board of the Florida Chapter of the National Private Care Association

Over the last four years, Joel Chaffins was on red alert. The U.S. Department of Labor (DOL) had previously repealed the long-standing Companionship Exemption, and most recently put out a detailed 10-point Field Assistance Bulletin (FAB) on contractor misclassification. Though the changes to the Fair Labor Standards Act (FLSA) were initially instituted for home care "employees", Mr. Chaffins and many of his colleagues discovered that the DOL aggressively targeted nurse registry companies such as his. Already, Chaffins had heard about other nurse registries that had failed the DOL's audit and were forced to either change their business model or worse, be put out of business. If it happened to him, he'd face the same fate.

"We were definitely hearing horror stories," says Chaffins, managing partner of No Place Like HomeCare LLC, headquartered in Seminole, Fla. "It wouldn't have just been, 'Pay a fine and do better.' It would have been, 'Close down your office.' We felt like we had always done a good job managing our independent contractor workforce. But we needed another tool in our toolbelt."

The tool Chaffins chose was Openforce, a cloud-based software platform and managed services provider that simplifies independent contractor onboarding, contracting, settlement processing, and risk controls—especially for highly regulated industries such as home care registries.

Many nurse registry owners can't say the same. Nationally, the IRS estimates that millions of workers have been misclassified, and according to state-level studies, 10% to 20% of employers misclassify at least one worker as an independent contractor. And industry leaders warn that government agencies are becoming more aggressive in going after misclassifications, as demonstrated by the guidelines put forth in the DOL's FAB.



With Openforce, Chaffins knows he won't be caught in the crosshairs. Here's a look at the red flags the DOL's FAB raised, and how Openforce addresses each one:

#### **CONDUCT BACKGROUND AND REFERENCE CHECKS**

As a Florida nurse registry, No Place Like HomeCare is required to use the AHCA Background Screening Clearinghouse for all background screens on contractors. Additionally, it's required to screen, check, and verify credentials for all contractors prior to patient referral. But the FAB warns that's where the checks need to end. Any indication the registry is pre-selecting contractors based on "subjective factors" could signal an employer relationship. Because Openforce handles the background checks, it's no longer an issue for Chaffins. "This will minimize the compliance issues from the FAB," Chaffins says. "And for those outside of Florida, utilizing Openforce for the background screens could also limit your misclassification exposure."

#### **HIRING AND FIRING**

As a registry, Chaffins never hires nor fires contractors. Openforce provides a firewall against that perception because it offers

contractors the ability to register and enroll as self-employed workers. Openforce further allows contractors to remain active 6 to 12 months without receiving client referrals. "It completely takes it off our plate so there's no issue," Chaffins says.

#### **SCHEDULING AND ASSIGNING WORK**

Once again, Chaffins found the Openforce platform ideal for separating the contractor from his registry's day-to-day operations. "During their Openforce enrollment, the contractors confirm their independent status at practically every turn, and can accept or decline any client referral," he says. "Additionally, they, along with their clients, set the schedule."

#### **CONTROLLING THE CAREGIVERS WORK**

Similar to scheduling and assigning work, the enrollment sets the stage for contractors to be in control of their own business and the work they perform. With Openforce, the registry merely offers them opportunities. It does not control, or even supervise their work.

"Openforce allows us the flexibility to truly identify and confirm this vendor relationship," Chaffins says.

#### **SETTING THE PAY RATE**

With Openforce, contractors, both during enrollment and with each active client referral, get the opportunity to negotiate their desired pay rate in real time. Openforce also allows contractors to negotiate directly with the client themselves both at the onset of care and periodically during the lifetime of a client referral. "This is where Openforce really shines," Chaffins says. "With time stamped and audit friendly accuracy, our office can view a contractor's agreed upon rate and revisit the negotiation with every new client referral."

#### **RECEIVING CONTINUOUS PAYMENTS**

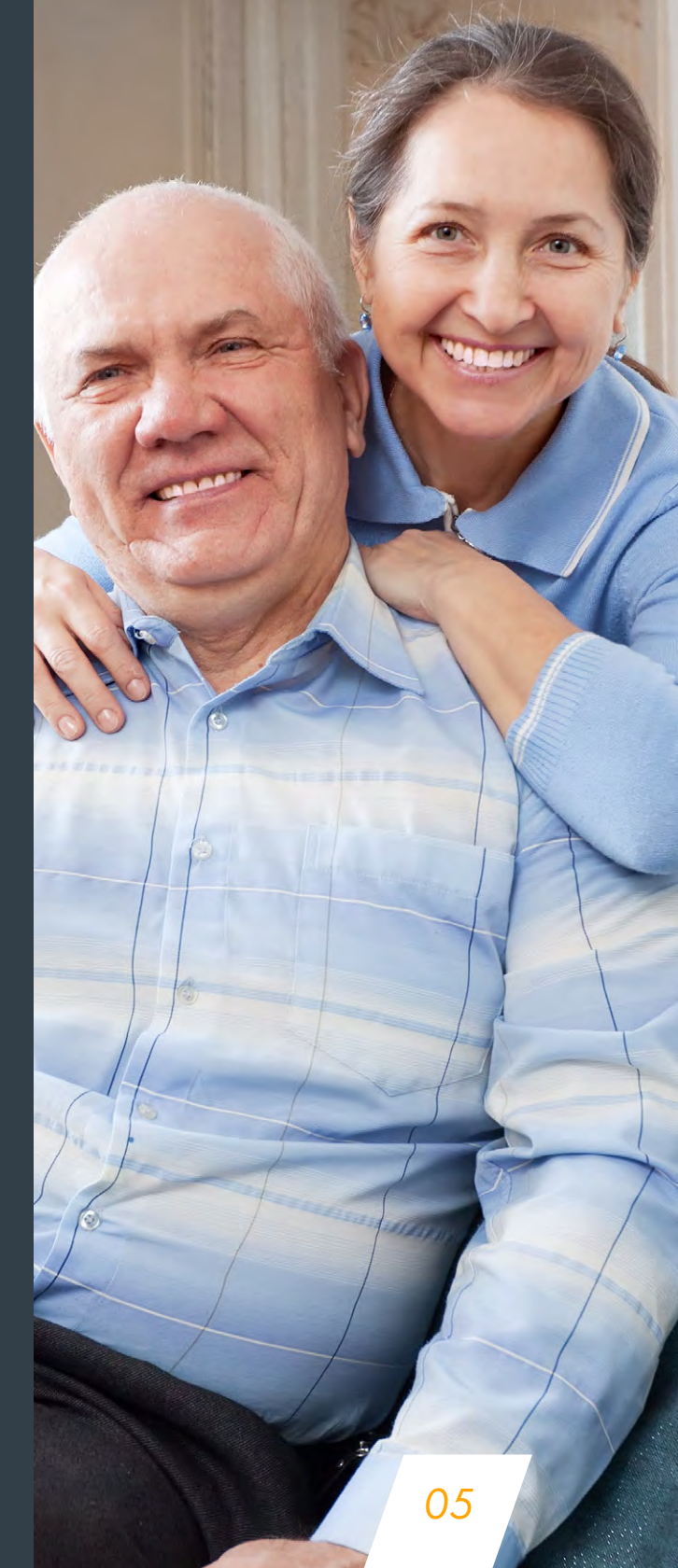
Most registries may struggle with this section of the FAB because it's hard to limit the time a contractor receives referrals and/or works with a specific client. Many contractors come and go and are inactive for months or even years at a time. "In most scenarios they will need to re-register and enroll with Openforce before receiving referrals from the registry, which further reinforces this section of the FAB," Chaffins says.

#### **PAYING WAGES**

Chaffins says this area may be the most important section of the FAB. It's also where Openforce provides the most protection. Because Openforce processes the contractor settlements, the registry is clearly only providing administrative and referral support for its clients. Chaffin's company does bill on the client's behalf, but the fact that Openforce keeps all requested contractor fees separate from the admin fee is key. "Openforce becomes the payer of record and greatly diminishes our registry's involvement and exposure with the pay advances," Chaffins says. "And having contractors actually invest in their own businesses with the weekly or bi-weekly settlement / subscription fees also sets Openforce apart from other pay services."

#### **TRACKING CAREGIVER HOURS**

Registries may have a hard time with this part of the FAB, but they are best served by giving the contractor various ways to "track and submit" their own hours, Chaffins says. As long as the registry is not actively managing late or incomplete shifts, merely using the submitted hours for billing should not constitute "tracking." "Just demonstrating that



we're using Openforce limits our exposure," Chaffins adds.

#### **PURCHASING EQUIPMENT AND SUPPLIES**

Openforce provides an array of discounted services to contractors and really allows them to purchase what they would need on their own. "They can keep track of mileage, get optional insurance and tax services, and truly operate as self-employed individuals," Chaffins says.

#### **RECEIVING EINS / 1099S**

As a registry it's important that Chaffins does not require the contractor to get an EIN number, but rather, offers them that ability. Openforce allows contractors to initiate this process on their own. Additionally, Openforce will generate and mail the 1099s each year. "This is just one more level of protection and security we receive from our partnership with Openforce," Chaffins says.



## SURPRISING BENEFIT: LACK OF CHURN

While Chaffins originally looked to Openforce to help create an iron-clad contractor relationship, he's discovered some surprising side benefits, starting with how easy it's been to make the transition.

For example, he had anticipated losing up to 20% of the current contractors "just because some people don't like change." Instead, his company didn't lose anyone. Moreover, No Place Like HomeCare has become more attractive to new contractors because Openforce offers them a range of benefits, including payment advances, discounted health insurance, and tax and business planning.

Chaffins also assumed workers would have difficulty learning and adjusting to the new software system. But again, he discovered just the opposite. "We were even able to get some of our more mature office people trained on the system. It's really the ease of use," he says. "It's not a difficult system for office employees to use and it's certainly user-friendly for the contractors."

## VALUABLE TIME BETTER SPENT

Automating all of those functions added up to substantial time savings for Chaffins and his 4 office employees. Processing contractor payments alone could take a full day of work on the day of disbursement. Now, in just a few hours a report is created, sent to Openforce and the money is wired out automatically. Plus, since Openforce is the payer of record, it provides additional separation between Chaffin's registry and the contract caregivers which supports adherence to the 2018 FAB's guidelines.

No Place Like HomeCare's staff saved even more time by automating the registration process for new contractors, which used to involve manually scanning and uploading piles of paperwork. Now, after the initial interview, prospective contractors are simply emailed a link with instructions on how to complete the registration themselves and they can upload their own documents in minutes.

*All told, Chaffins figures the efficiencies from Openforce have freed up at least two hours per day — valuable time that's now better spent.*

"I remember the first time a contractor uploaded their own documentation into Openforce," Chaffins says. "We were just floored that it wasn't something we had to do."

Another inefficiency used to be the busywork of staying on top of contractors' licenses and certifications. Rather than workers hounding 30 contractors with reminder phone calls and struggling to stay on top of 50 different documents, the Openforce system simply sends out reminders to both the contractor and Chaffins' employees 90, 60 and 30 days before expiration dates.

All told, Chaffins figures the efficiencies from Openforce have freed up at least two hours per day across the No Place Like HomeCare staff—valuable time that's now better spent. "It's all about growing the business and assisting our current clients with their needs in a more efficient manner," he says.

Chaffins' only regret now is that he didn't partner with Openforce sooner. "It's a risk you don't have to take—and it improves efficiency," he says. "In our legislative and government climate, I just think it's a no-brainer."

*"It wasn't a reason we reached out to Openforce in the beginning, but it was a nice way to say, 'Here's a way to get some tax benefits and assistance that will benefit you in the long run.'"*



## ABOUT NO PLACE LIKE HOMECARE LLC

No Place Like HomeCare's Nurse Registry Service (NR30211353) provides referrals for personal care and ADL assistance through Registered Nurses, CNAs, home health aides and non-medical companion/ homemaker services to seniors, those recovering from surgery, new and expectant mothers, and others. Options include 24-hour live-in care or hourly care referrals under the finest independent contractor caregivers. The company is licensed to serve all of Pinellas, Pasco, and Hillsborough counties in Florida (Hillsborough Co: HC230167).

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