



May 9, 2025

Russell T. Vought  
Director, Office of Management and Budget  
Attn: Office of Information and Regulatory Affairs  
1725 17<sup>th</sup> Street, NW  
Washington, DC 20503

**RE: Response to Request for Information: Deregulation ([Federal Register Docket No. 2025-06316](#))**

Dear Mr. Vought,

On behalf of the Home Care Association of America (HCAOA), I appreciate the opportunity to submit comments in response to the Office of Management and Budget's (OMB) Request for Information on Opportunities for Deregulatory Actions (Federal Register Docket No. 2025-06316). HCAOA represents the nation's leading home care agencies, which collectively employ hundreds of thousands of caregivers serving older adults, individuals with disabilities, and veterans in their own homes.

We urge the administration to **review and recommend the reinstatement of the federal companionship exemption under the Fair Labor Standards Act (FLSA)**, which was significantly narrowed by regulatory changes implemented in 2015. While well-intentioned, the elimination of this exemption has had profound and negative consequences for access to care, affordability of services, caregiver availability, and the continuity of in-home support, particularly for those requiring live-in care or extended hours.

**Background: The Companionship Exemption**

Originally established in 1974, the companionship exemption excluded certain domestic service workers providing companionship services from minimum wage and overtime protections under the FLSA. This exemption acknowledged the unique nature of caregiving in the home setting and supported the delivery of flexible, around-the-clock care.

In 2015, the U.S. Department of Labor revised regulations to restrict this exemption. It redefined "companionship services" more narrowly and prohibited third-party employers, such as home care agencies, from applying the exemption at all. While the goal was to ensure fair pay for caregivers, the practical effect has been counterproductive in many respects.

**Impact of the 2015 Regulatory Changes**

*1. Increased Operational and Administrative Costs*

Agencies have faced significantly higher costs due to new overtime obligations. This is particularly burdensome in 24-hour or extended shift cases, where overtime pay accrues quickly. Many



agencies have had to restructure shifts, cap hours, or limit their service offerings in order to remain financially viable, undermining the availability of high-quality home care.

## *2. Disruption of Continuity and Quality of Care*

To avoid triggering overtime pay, many agencies now rotate caregivers more frequently, rather than allowing a consistent caregiver to remain with a client. This disrupts caregiver-client relationships, reduces trust, and can compromise quality, particularly for clients with dementia, behavioral health needs, or complex care routines that benefit from continuity.

## *3. Barrier to Live-In Care*

Perhaps no area has been more negatively impacted than live-in care. With the exemption removed, providing a live-in caregiver now typically involves paying overtime for sleeping hours, even when the caregiver is not actively working. This has made live-in care cost-prohibitive for most clients and logistically difficult for agencies to staff. Families who once relied on consistent, overnight care at home are now forced to consider institutional options simply due to cost and labor law constraints.

## *4. Workforce and Retention Challenges*

Caregivers seeking full-time work are often limited to part-time hours due to agency scheduling policies meant to avoid overtime. This frustrates workers, reduces earnings potential, and contributes to higher turnover in an industry already grappling with workforce shortages. Agencies face increased burdens recruiting, training, and managing a fragmented workforce.

## *5. Limited Access in Underserved Communities*

In rural and underserved areas, where provider options are already scarce, the added costs and complexity resulting from the rule change have made it even harder for agencies to maintain operations. Clients in these regions are often left with limited or no options for home-based care.

## **A Deregulatory Recommendation**

We respectfully recommend that the Office of Management and Budget and the Department of Labor revisit the 2015 regulatory changes and reinstate the full companionship exemption for home care workers employed by third-party agencies. Alternatively, targeted regulatory relief should be granted to allow exemptions for live-in or extended shift caregiving arrangements, where the cost and logistics of continuous care are most sensitive.

HCAOA further urges the administration to engage directly with agencies, clients, and caregivers to explore flexible, equitable solutions that protect workers while preserving access to in-home care. A balanced approach that recognizes the realities of this workforce and the needs of vulnerable populations is sorely needed.

## **Conclusion**



The removal of the companionship exemption in 2015 has led to a cascade of negative consequences across the home care ecosystem: raising costs, reducing continuity, limiting access, and driving families toward less desirable and more expensive institutional care. HCAOA urges the administration to address this issue as part of its deregulatory agenda and restore much-needed flexibility to one of the fastest-growing sectors of the health care economy.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason Lee".

Jason Lee  
CEO  
Home Care Association of America