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California DIR Issues $4.4 Million in Citations for Caregiver Misclassification

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Just last month, the Department of Industrial Relations (DIR) fined a mother-son duo $4.4 million – $4,423,450 specifically – for violations of the Labor Code on behalf of 144 workers. This business operated as a staffing company providing caregivers in private homes throughout Los Angeles. The business decided to treat these caregivers as independent contractors, resulting in misclassification and Labor Code violations. **Here is a link to the news release**: "*Mother and son duo cited $4.4 million for misclassifying caregivers*" | California Department of Industrial Relations.

This duo is not alone in home health care agencies being tagged by the state of California. For example, in 2024, the DIR cited a group of businesses for wage violations, including minimum wage, overtime, and other violations, finding back wages and damages in the amount of $860,000.

Both the Department of Labor (DOL) and the DIR have stated an intent to protect workers from what has been described as "exploitation" by residential care industry employers and holding them accountable for "unscrupulous employment practices." The agencies focused on the fact that the workers tend to be both female and low-income workers in the state of California, and need protection.

Through my representation of home healthcare agencies, I can easily say two things. One, the need for caregivers, both in California and nationally, is growing exponentially. California, specifically, has one of the fastest-growing senior populations in the United States. Two, the businesses I have the privilege to represent care deeply for both the population served and the caregivers who are performing this difficult, essential work.

How Home Health Agencies Can Protect Themselves

There is hope. One of the most effective approaches we regularly use when advising the businesses we work with at CMC is ensuring proper documentation, accurate worker classification, and routine auditing of personnel and payroll records. For caregivers and home health agencies, California law provides several protections that assist the home health care business, the client, and the employee. For example, these important workers have been provided with a separate wage order, Wage Order 15, which, if properly implemented, addresses minimum wage, overtime, and other work conditions specifically for domestic and household workers. This Wage Order also acknowledges the important caregiving role that the employee provides, which is recognizing the need for on-duty meals and rest breaks. Additionally, Wage Order 15 provides for different overtime calculations.

To clarify, these types of claims are not limited to investigations by the DIR or DOL. Plaintiff's lawyers are seeking class action and PAGA claims through this growing industry as well. We have been able to thwart these through proper arbitration agreements, in addition to the required onboarding documentation. Proper implementation of these documents, providing the necessary training, and proper management is vital to avoid these hefty citations, individual, class or PAGA claims. Not only does this set the expectations of all involved, but it also provides a necessary defense if the DIR opens an investigation into your home health agency.

We have been successful in defending our clients against these claims and investigations after partnering with these businesses to establish a viable framework. This is especially important now, given the growth in the region and the increase in both worker claims and DIR investigations. Now is the time, rather than after the investigation has begun.

If you have any questions, please contact Kim Cole at kcole@connmaciel.com and Megan Shaked at mshaked@connmaciel.com.