

# 5 Reasons Home Care Agencies Fail Their State Survey (And How to Avoid Them)

Learn from the most common mistakes so you can pass your survey the first time

[thebizofseniorcare.com](http://thebizofseniorcare.com)

# Introduction: The Cost of a Failed Survey

---

Failing your state licensing survey is one of the most expensive mistakes a new home care agency can make. When your agency does not pass the initial survey, you face delays of 30 to 90 days or more before you can be resurveyed. During this waiting period, you are paying rent on your office, insurance premiums, and staff salaries — but you cannot serve clients or generate revenue. In some states, a failed survey requires you to submit a formal plan of correction and pay additional fees for the resurvey. In the worst cases, repeated failures can result in denial of your application entirely, forcing you to start the process over from the beginning.

The good news is that most survey failures are entirely preventable. By understanding the most common reasons agencies fail and taking proactive steps to address them before your survey date, you can dramatically increase your chances of passing on the first attempt. Below are the five most common reasons home care agencies fail their state survey, along with specific strategies for avoiding each one.

# The 5 Most Common Reasons Agencies Fail

---

1

## **Incomplete Policies and Procedures Manual**

### **What Surveyors Look For**

A comprehensive Policies and Procedures (P&P) manual that addresses every state-required topic area, including patient rights, infection control, emergency preparedness, and HIPAA compliance. Surveyors will review your manual page by page against the state's regulatory requirements to ensure that every required topic has a corresponding, clearly written policy.

### **Why Agencies Fail**

Many new agency owners purchase a generic P&P template online and assume it will meet their state's specific requirements. Unfortunately, each state has its own set of required policy topics, and a generic template often misses critical sections. Other agencies write their own policies but fail to cross-reference them against the state regulations, leaving gaps that the surveyor will identify immediately.

### **How to Fix It**

Review your state's home care regulations line by line and create a checklist of every required policy topic. Then ensure your P&P manual includes a clearly written policy for each item on your checklist. Have your completed manual reviewed by a compliance consultant or healthcare attorney who specializes in home care licensing in your state before you submit your application. This investment of a few hundred dollars can save you months of delays.

## Personnel Files Missing Required Documents

### What Surveyors Look For

Complete personnel files for every employee that include background check results, licensure and certification verification, TB test results, signed job descriptions, orientation records, annual performance evaluations, and any other documents required by your state's regulations. Surveyors will typically select several employee files at random and review each one for completeness.

### Why Agencies Fail

In the rush to hire staff before the survey date, many agencies allow employees to begin working before all required documents have been collected and filed. A missing background check result, an expired TB test, or an unsigned job description in even a single employee file is enough to result in a deficiency citation.

### How to Fix It

Create a personnel file checklist that includes every document required by your state for each employee category (administrative, clinical, aide). Do not allow any employee to begin work until every document on the checklist has been collected, verified, and filed. Conduct quarterly internal audits of all personnel files to ensure ongoing compliance. Assign one person to be responsible for personnel file management.

## **Administrator Does Not Meet State Qualifications**

### **What Surveyors Look For**

Documentation that the designated administrator or agency manager meets all state requirements for education, experience, and training. This may include a specific college degree, a minimum number of years of experience in healthcare or home care management, completion of a state-approved administrator training course, or a combination of these requirements.

### **Why Agencies Fail**

Each state has different administrator qualification requirements, and many agency owners assume that their general business experience or healthcare background automatically qualifies them. They do not research the specific requirements until the surveyor asks for documentation — and then discover they do not meet the criteria. In some cases, the owner has not completed a required training course or does not have the minimum years of experience specified by the state.

### **How to Fix It**

Research your specific state's administrator qualification requirements before you submit your application. If you need additional education, training, or certification, complete it before your application goes in. If you do not personally meet the requirements, consider hiring a qualified administrator or designating a co-owner who meets the criteria. Keep all certificates, transcripts, and training records in your personnel file where the surveyor can easily access them.

## Physical Office Does Not Meet State Requirements

### What Surveyors Look For

A dedicated office space that is separate from a personal residence (in most states), meets ADA accessibility requirements, has secure storage for client records, maintains proper signage, and provides adequate space for both clinical and administrative operations. Some states require separate clinical and administrative work areas, a private space for confidential conversations, and specific safety features like fire extinguishers and smoke detectors.

### Why Agencies Fail

Cost-conscious agency owners often try to save money by operating from a home office in a state that requires a commercial office space. Others lease office space without verifying that it meets all state requirements. Common issues include lack of ADA-compliant access, no secure filing system for client records, missing fire safety equipment, and insufficient space for the required work areas.

### How to Fix It

Review your state's office requirements carefully before signing a lease. Create a checklist of every physical requirement and visit your planned office space with the checklist in hand. Take photographs documenting compliance with each requirement. If your state requires specific features like ADA-compliant restrooms, secure record storage, or separate clinical areas, verify these before committing to a lease. It is far cheaper to choose the right office upfront than to break a lease and relocate after failing a survey.

## Application Submitted Before All Requirements Are Met

### What Surveyors Look For

A complete application with all supporting documents, fees, and prerequisites fully satisfied at the time of submission. When the surveyor arrives for the on-site visit, they expect the agency to be fully operational and in compliance with all state requirements — not still in the process of assembling documentation or completing prerequisites.

### Why Agencies Fail

Eager to get started, many agency owners rush to submit their application before all prerequisites are met. They may submit the application while still waiting for background check results, before their P&P manual is complete, or before their office is fully set up. When the survey is scheduled and the surveyor arrives, the agency is simply not ready, leading to multiple deficiency citations or outright failure.

### How to Fix It

Use a comprehensive pre-submission checklist to verify that every requirement is met before you submit your application. Have a compliance consultant or healthcare attorney review your complete application package before you send it in. Remember: it is always better to delay your application submission by 30 days to ensure everything is complete than to fail a survey and wait 90 days or more for a resurvey opportunity. Patience during the application phase saves time and money in the long run.

### Pro Tip

Most state surveys are scheduled, not surprise visits, for initial licensure. Use this to your advantage by being fully prepared before your scheduled date. Conduct a mock survey using the same checklist the state surveyor will use. Walk through your office, review every personnel file, and check every policy in your manual. If you find deficiencies during your mock survey, you have time to fix them before the real survey. Many successful agency owners hire a consultant to conduct a mock survey one to two weeks before the scheduled state survey.