

U.S. Businesses lose up to \$33.6 Billion per year in Productivity Costs associated with Caregiving Employees

Caregiver Facts¹

- Over 44 million Americans or 21% of all U.S. households provide care for an adult family member or friend age 18 and older and 79% of these are providing care to someone over the age of 50.
- Nearly 60% of those caring for an adult over the age of 50 are working; the majority of those work full time.
- Nearly 40% of caregivers are men.
- Approximately 15% of the caregivers were providing care to someone who lived at a distance of more than an hour away.
- More than 60% of employed caregivers reported they had made work-related adjustments as a result of caregiving responsibilities.
- The average caregiver loses \$659,000 in lifetime wage and pension wealth due to caregiving.²
- American businesses absorb up to \$33.6 billion per year in lost productivity due to the responsibilities of these working caregivers.³

The 2006 MetLife Caregiving Cost Study of Productivity Losses to U.S. Business estimated the productivity losses to employers of all full-time employed caregivers to be divided among these eight areas:

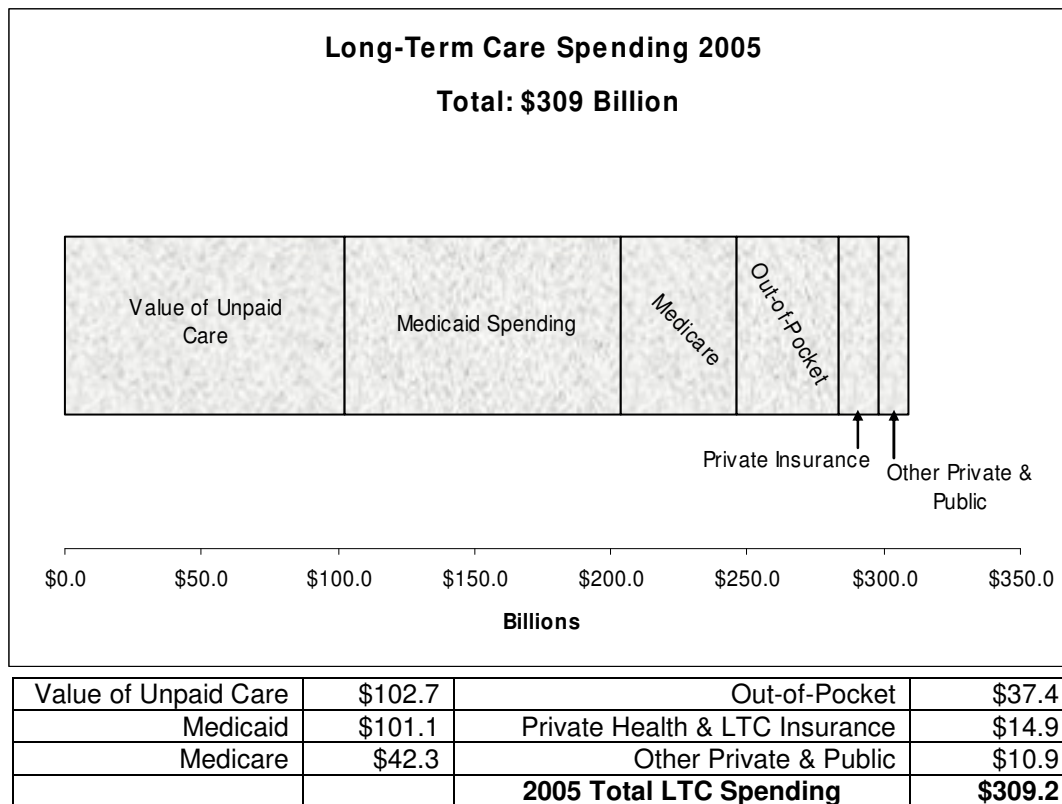
Estimated Annual Cost to Employers of All Full Time Employed Caregivers		
	Cost per Employee	Total Employer Cost
Replacing Employees	\$413	\$6,585,310,888
Absenteeism	\$320	\$5,096,928,912
Partial Absenteeism	\$121	\$1,923,730,754
Workday Interruptions	\$394	\$6,282,281,750
Eldercare Crisis	\$238	\$3,799,217,477
Supervisor Time	\$113	\$1,796,385,842
Unpaid Leave	\$212	\$3,337,082,202
Full-Time to Part-Time	\$299	\$4,758,135,522
Total	\$2,110	\$33,619,070,346

Note: The estimated cost to employers for full-time employees with intense caregiving responsibilities is \$17.1 billion. The total estimated cost to employers for all full time employed caregivers is \$33.6 billion. Intense caregiving is defined as doing personal care tasks such as bathing, dressing, toileting and feeding for an average range of 12 to 87 hours per week.

Unpaid Caregiving is the Largest Source of Long Term Care Spending

Long-term care (LTC) is not just about health care. Long term care includes nursing home care and other forms of ongoing institutional care. Home and Community Based Services (HCBS) are also considered forms of long term care. HCBS cover a variety of services an aged and/or disabled person requires to maintain quality of life and include in-home care, housing, transportation, nutrition, and social support to help maintain independent living.

Informal elder care, unpaid care provided by friends and family to frail elders, is the greatest source of long term care “spending” in the U.S. In 2005 this care was estimated to be worth over \$102.7 billion each year within total long-term care spending of \$309 billion.⁴ Nearly 60% of those caring for an adult over the age of 50 are employed; the majority full-time. The contributions made by these employed caregivers come at a great cost to the employee and the employer. However, without this care millions more Americans would be living in nursing homes and similar institutions instead of in their own homes.



All values in Billions of Dollars

Source: The Joint Economic Committee Economic Fact Sheet, May 16, 2007

Caregiving Demand will Increase

Experts say that caregiving burdens will intensify in the future as the baby boomers age and medical technology advances enable the frail elderly to live longer. At the same time the number of potential caregivers will shrink due to the lower aggregate birthrates of the post Baby Boom age cohorts. Without adequate support of working caregivers productivity costs to businesses will increase. If these caregivers decrease the amount of care they provide the quality of life for seniors will decline as well. This will force seniors to rely on professional home and community based services. The subsequent demand for more paid care will add more strain to an already heavily burdened long term care system.

Supporting Working Caregivers is Smart Business

- Research has shown that management's recognition of the importance of an employee's family life is the most significant driver of employee commitment.
- Companies that pay attention to and invest in providing assistance to caregiving employees reap financial rewards and productivity by retaining good employees and helping them maximize their productivity while caregiving.
- An Alfred P. Sloan Foundation study (2001) found that any funds spent by the employer in helping with caregiving have a pay-back to the employer of 3 to 13 times the cost.
- To attract the best replacement workers employers will need to address elder caregiving concerns.
- Employers can reduce health care claims by lowering the increased risk for health problems of working caregivers due to stress.

How Businesses Support Working Caregivers

Sensitivity to caregivers' needs by managers and supervisors is the first step in supporting these valued employees. There is also a wide range of services that employers can offer to support working caregivers. Respondents in a Human Resource Institute Survey⁵ rated the perceived value of various types of caregiver supports in terms of increased productivity and morale and decreased absenteeism. The services considered to be most valuable included the following (from highest to lowest perceived value):

1. Resource and referral services.
2. Flexible spending accounts or dependent-care accounts.
3. Scheduling options such as flextime, compressed workweeks, and job sharing.
4. Employee assistant programs to help caregivers make decisions about their options.
5. Long-term-care insurance coverage (purchased by the employee for the family member).
6. Providing links to support groups.
7. Onsite workshops or brown-bag sessions.
8. Surveys to confirm levels of employee interest and areas of need
9. Case management services to help employees assess caregiving situations.
10. Assistance in arranging transportation for care-receivers.

Other support included reimbursing or subsidizing employees expenses for visiting nurses or emergency care; onsite caregiver fairs; onsite counseling for employees to help them cope with, assess and make decisions; caregiver pagers for monitoring care-receivers needs from work; and in kind contributions to support respite centers in the community. Benefits can be integrated into other Life/Work benefit programs and services or offered as stand-alone benefits.

When Unpaid Care is Not Enough

Eldercare needs can increase gradually or they can arrive full blown due to a catastrophic event such as a stroke or heart attack. Similar patterns of home care may exist for non-elderly persons with disabilities, and the variance in the needs of individuals can be dramatic. However, as the needs increase, studies show that people prefer to stay in their homes as long as possible and want to maintain control over their own lives.

Home and community based services allow for increased quality of life for both the working caregiver and the care receiver. Quality of life indicators for the elderly and disabled who need services include the ability

to choose from a variety of services and the freedom to customize these services to one's specific needs. Access to transportation, workforce development, education, and a variety of housing options for the elderly and disabled are crucial to quality community based long term care.

Paying for Long Term Care

Consumers pay for a large proportion of long-term services out of pocket and institutional care is the most expensive care. In 2007 the average annual private pay nursing home cost of a semi-private room in Indiana was in \$52,319.⁶ Long term care insurance is a solution that may work well for those who can both afford it and qualify for the coverage. Medicare-funded long term care is both time and service sensitive and is not intended to pay for chronic long term care. Without insurance and after Medicare coverage expires, many Hoosiers soon exhaust savings and assets paying for long term institutional care. They will be forced to utilize Medicaid to help finance their long term care needs. In 2006 Indiana Medicaid costs for nursing home care averaged \$41,055 per Medicaid resident. Similar home and community based services through the state funded CHOICE program were \$6,535 per person.⁷

It is clear that consumers and government get the most value for their money by choosing home and community based services. This is also the care that people want. A balanced system of long term care which offers a full array of home and community based services means decreasing tax dollar expenditures on long term care, providing appropriate long term care to individuals, lessening the burden on caregivers, and minimizing negative impacts on business.

What You and Indiana Can Do

In 2003 the Indiana General Assembly took steps to address the problem of family caregivers by passing a comprehensive reform law, Senate Enrolled Act 493. Nonetheless more remains to be done to grow Indiana's home and community based services in order to provide appropriate and cost effective care for consumers, caregivers and employers. SEA 493 was intended to dramatically expand the use and scope of Medicaid funded HCBS while keeping in place Indiana's nationally lauded but under funded CHOICE home care program.

While Indiana has begun the implementation of SEA 493 much more remains to be done. Indiana's home and community based services can provide the full array services that will allow the elderly and persons with disabilities to stay in their homes and community while relieving the stress of working caregivers. Consequently, employers need to know how to support their working caregivers. Doing so will ultimately improve their bottom line and the quality of life in the workplace, at home, and in the community. What can you do? Stay informed and support Indiana's journey to a better system of long term care. Encourage appointed and elected state officials to continue to improve and expand home and community based services. Keep informed of Indiana's current progress in providing the full array of home and community based services by following events at www.generationsproject.org.

Resources for Employers and Working Caregivers

The place to begin a search for home and community based services in Indiana is at your local Area Agency on Aging (AAA). Indiana's sixteen Area Agencies on Aging have recently established Aging and Disability Resource Centers (ADRCs). These centers are part of a national effort to provide a single, coordinated system of information for all persons seeking long term care support and social services. On the Internet go to the Indiana Association of Area Agencies on Aging web page to find your local AAA, or contact your local AAA by calling 1-800-986-3505.

Website Resources

Indiana Association of Area Agencies on Aging: www.iaaaa.org/members/aaas.asp
Indiana Aging and Disability Resource Centers: www.link-age.org
AARP Caregiving Resources: www.aarp.org/family/caregiving/
National Alliance for Caregiving: www.caregiving.org
Family Caregiving Alliance: www.caregiver.org
Family Caregiving Information: www.FamilyCaregiving101.org
MetLife Mature Market Institute: www.maturemarketinstitute.com
National Clearinghouse for Long Term Care Information: www.longtermcare.gov

Booklets

When Employees Become Caregivers: A Manager's Workbook:
<http://www.medicare.gov/publications/pubs/pdf/11035.pdf>

Work-Family Sourcebook for Employers, published by Portland State University, June 2001
<http://www.sandwich.pdx.edu/Sourcebook.pdf>

A resource guide from CICOA, the Central Indiana Council on Aging (Area 8 AAA)
"Solutions" A Resource Guide for Seniors & Family Caregivers
<http://www.cicoa.org/pdf/InformationAssistance/ResourceDocuments/Solutions.pdf>

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http://longtermcare.genworth.com/comweb/consumer/pdfs/long_term_care/Cost_Of_Care_Survey.pdf
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The Generations Project is an alliance of AARP Indiana, ARC of Indiana, Alzheimer's Association, CICOA Aging & In-home Solutions, Citizens Action Coalition of Indiana, Indiana Alliance of Retired Americans, Indiana Association of Area Agencies on Aging, Indiana Minority Health Coalition, Indianapolis Urban League, Mental Health America of Indiana and United Senior Action of Indiana.

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