THE GENERATIONS PROJECT
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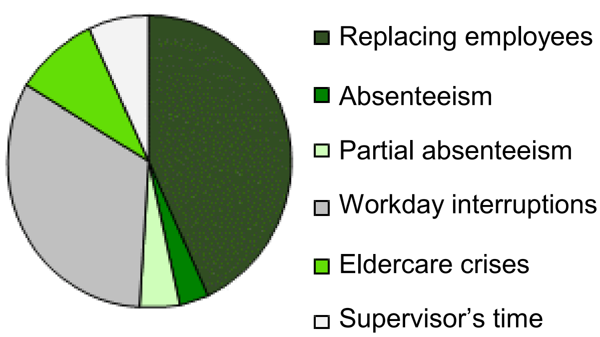
A Business Issue
Caregiving & Long Term Care

Amid all the uncertainty in business today, demographically driven changes are predictable and certain. Breakthroughs in longevity have created a fast-growing older population and declining birthrates have insured that the availability of younger working cohorts will remain small. The workforce is growing older and more diverse. This graying of America means more workers will have an elderly relative or friend to care for at the same time as having work and other family responsibilities. Indeed, advancements in medicine coupled with an aging population have made the prospect of caregiving inevitable for nearly every household. As a result, American business will continue to feel the economic impact of caregiving responsibilities on worker productivity and the corporate bottom line. Consider the following:

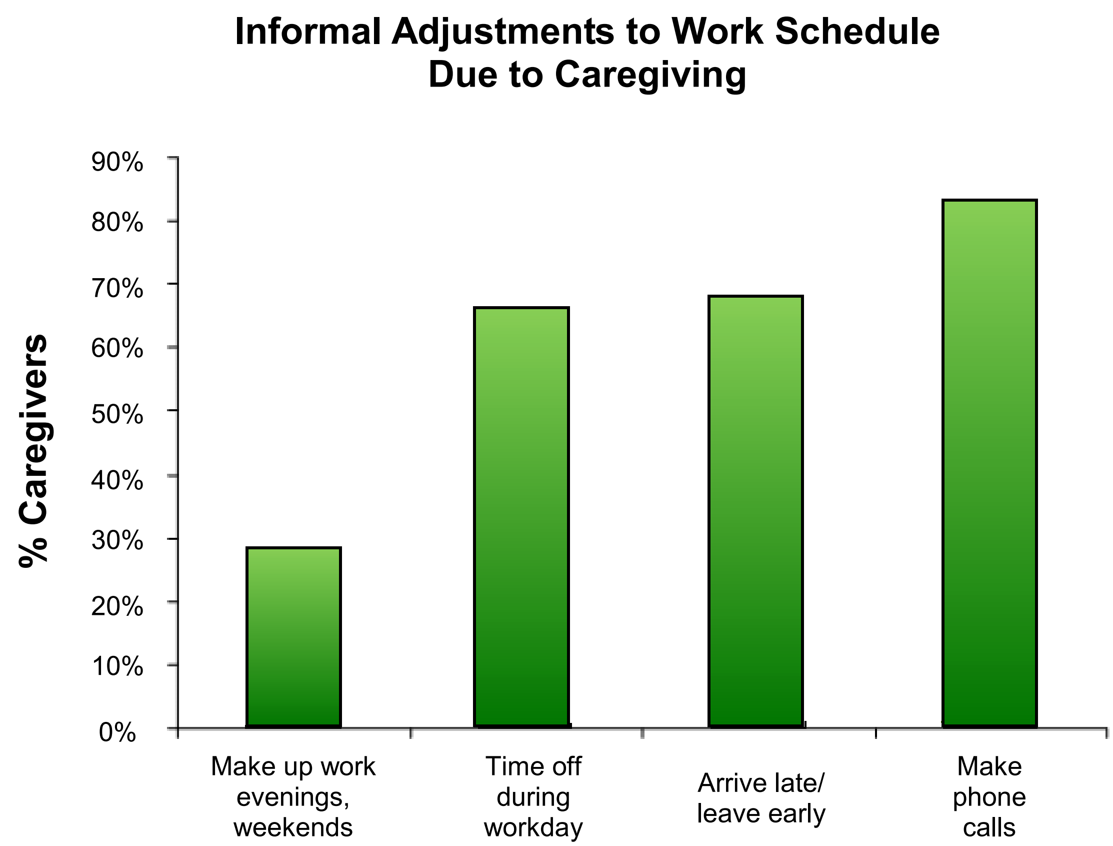
- Nearly one fourth of U.S. households are involved in caregiving and 64.2% of these caregivers are employed.
- 65% of caregivers are between the ages of 35 and 64.
- American businesses lose between **$11 billion and $29 billion a year** in direct and indirect costs associated with employees who are caregivers.[1]
    - The employer bears these costs through absenteeism, workplace interruption, hiring replacement workers, eldercare crises, and supervising employed caregivers.
- Combined losses over a lifetime to a caregiver as a result of lost Social Security benefits, pension benefits, and wage wealth are estimated to average over $650,000.
- Informal (non-paid) caregiving services, if replaced by paid services would cost an estimated $196 billion per year.
    - Non-paid caregiving services will continue to be a critical component in quality long term care.

Lost Productivity Costs: $11.4 Billion



Source: The MetLife Study of Employer Costs for Working Caregivers, 1997

[1] $11.4 billion per year includes caregivers who work full-time, live near the care recipient, and perform personal care tasks. $29 billion per year includes all caregivers including part-time workers and long distance caregivers.



Source: The MetLife Juggling Act Study, 1999

Working Caregivers Need Support

Employers are finding that working caregivers want more access to flex time, eldercare benefits equivalent to child care benefits, pre-tax spending accounts for eldercare, access to services that relieve stress and time consuming tasks, and workplace seminars that offer information to build caregiving skills.

- Eldercare services that are most often provided by employers include: toll free resource and referral numbers, long term care insurance options that apply to employees' parents and in-laws, voucher programs which partially reimburse workers for costs incurred arranging back-up care, and on-site eldercare consultants who help employees formulate plans and locate company & community resources to meet their caregiving needs.

Do family caregiving programs benefit employers as much as employees?

YES, according to research compiled by the NDSU Extension Service, North Dakota State University of Agriculture and Applied Science.

- A Ford Foundation report from Boston University's Center on Work and Family summarized 10 years of research. The report said that family-friendly policies and programs reduced absenteeism and stress and improved morale.

- Aetna found its family programs increased retention of its highest performers from 77 percent to 91 percent.
- A survey by the Commerce Clearing House listed the hidden costs of unscheduled absences, saying the costs of those absences ranged from an average $45,000 for small firms to more than $1.5 million for companies with up to 5,000 employees.
- Waste Management reported its Family Life Education program reduced some unscheduled absences as well as decreased benefit claims and improved productivity. The company documented a savings of $1,600 per participant to offset the $200 per person cost.
- A GMAC Mortgage evaluation showed work and family programs had improved profitability by decreasing turnover, lateness and unplanned absenteeism and enhancing the company's image.
- The Putnam Companies, Boston, and several other firms reported providing emergency or back-up care cut absences and increased productivity.
- A Chicago University study for Fel-Pro, Inc., Skokie, Ill., found family-friendly benefits were instrumental in reducing turnover.

Source: http://www.americanbusinesscares.com/fastfacts.asp

A Balanced Long Term Care System Benefits Employers and Employees

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 care allows for increased quality of life for both the caregiver and the care receiver. Home-and community-based care significantly contributes to the overall health of a community.

- Prospective employees look for a high quality of life in their new community. Middle and upper management employee caregivers want quality, community-based care giving assistance when considering a move to a new location.
- 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.

Cost & Long Term Care

Consumers pay the largest proportion of long-term services out of pocket. Average annual private pay nursing home costs in Indiana are $52,000. Long term care insurance is a solution that works well for those who can both afford it and qualify for coverage. Medicare funded long term care is both time and service sensitive and was 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 care. They will be forced to utilize Medicaid to help finance their long term care costs. Average annual Medicaid nursing home care costs $36,748.80. Similar home care through the state funded CHOICE program averages $6,669.60 per person.

With a public long term care budget of over $1.1 billion and a rapidly aging population, consumers and their employers must begin to focus on changing Indiana’s long term care system. Indiana’s system strains an already burdened state budget, impacts employees and employers, and does little to promote a healthy population and improve quality of life for citizens. A balanced system of long term care that 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.

Working toward a Solution

The Indiana General Assembly has moved to address the problems of employee caregivers by enacting Senate Enrolled Act 493, a comprehensive law which seeks to rebalance the long term care system in the state. SEA 493 removes barriers to home-and community-based care, creates a full array of home- and community-based services, and establishes the funding and resources necessary to provide care that is appropriate and cost effective for consumers, caregivers, and employers.

By 2020, the number of Hoosiers with long term care impairments is expected to rise from 325,285 to 400,360 – a 23% increase. This dramatic increase means a larger long term care budget, more caregivers juggling caregiving responsibilities and work which could lead to more lost productivity and lost profit for Indiana business. With the help of business and organizational leaders, other states have re-balanced their systems of long term care. Now is the time for business and professional organizations in Indiana to step forward and call for the full and timely implementation of the reforms contained within SEA 493.

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For more information, call John Cardwell at (317) 423.7102 or Will Phillips at (317) 423.7108. Write The Generations Project, c/o AARP, Suite 1275, One North Capitol Avenue, Indianapolis, IN, 46204. You may also contact the Citizens Action Coalition Education Fund at 5420 N. College Ave., Room 100, Indianapolis, IN 46220.

The Generations Project is an alliance of AARP Indiana, ARC of Indiana, Alzheimer's Association, CICOA The Access Network, Citizens Action Coalition of Indiana, Council of Volunteers and Organizations for Hoosiers with Disabilities (COVOH), Indiana Alliance of Retired Americans, Indiana Association of Area Agencies on Aging, Mental Health Association of Indiana and United Senior Action of Indiana.

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