

The Cost and Value of Caregiving

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In 2009, there were 596,000 Oklahoma citizens acting as caregivers. They provided an estimated 570,000,000 hours of care giving with an annual market value of \$6,000,000,000. The economic value of each hour of care in Oklahoma was estimated at \$10.44 per hour. This includes caregiving for elderly family members and for family members with intellectual disabilities.¹

Long term caregiving has significant financial consequences for caregivers, particularly for women. Informal caregivers who leave the workforce when they are 50 years of age or older personally lose about \$303,880 over a lifetime: \$115,900 in wages, \$137,980 in Social Security benefits, and conservatively \$50,000 in pension benefits.¹

Caregivers face the loss of income of the care recipient, loss of their own income if they reduce their work hours or leave their jobs, loss of employer-based medical benefits, shrinking of savings to pay caregiving costs, and a threat to their retirement income due to fewer contributions to pensions and other retirement vehicles.

On March 22, 2012, 6,563 people with intellectual disabilities were receiving care in a parent or relative's home, having requested services from the Department of Human Services. Assuming each person has a caregiver, that means over 6563 Oklahomans were involved in long term caregiving for people with intellectual disabilities.²

If the national statistics for economic impact quoted above are used, that means Oklahomans caring for people on the Waiting List lose \$1,993,839,400 in wages over their lifetimes. At a 5% state income tax rate, the state of Oklahoma loses \$99,691,970 in potential state tax dollars. However, those numbers are based on a person leaving the workforce at age 50. For many of the caregivers involved with people with disabilities, the age at which they left the workforce was much earlier.

Another facet of caregiving is the economic value of the service provided. If each caregiver for a person on the Waiting List provided only 40 hours of care per week, 50 weeks a year, the economic value of their caregiving would be \$137,035,440 annually. Obviously, most caregivers provide the service more than 40 hours per week.

Caregiving also has a substantial impact on business. Lost productivity due to informal caregiving costs businesses \$33.6 billion per year.⁴ These costs include those associated with replacing employees, absenteeism, workday distractions, supervisory time, and reductions in hours from full-time to part-time. The average annual cost to employers per full-time employed caregiver is \$2,110.³

Additionally, recent research shows a link between employed family caregivers of older relatives and their health care costs. In this study, employers were found to be paying about 8 percent more for the health care of

employees with eldercare responsibilities compared to non-caregiving employees, potentially costing U.S. businesses an additional estimated \$13.4 billion per year.⁴

Working caregivers often suffer many work-related difficulties due to their "second careers" as caregivers. Sixty-seven percent of family caregivers report conflicts between caregiving and employment, resulting in reduced work hours or unpaid leave.⁶

¹ AARP Public Policy Institute. *Valuing the Invaluable: 2011 Update: The Growing Contributions and Costs of Family Caregiving*. Washington, DC.

² www.OKWaitinglist.org: March 22, 2012 Notes from the Waiting List Meeting

³ MetLife Mature Market Institute and NAC, *MetLife Caregiving Study: Productivity Losses to U.S. Business* (Westport, CT: MetLife Mature Market Institute, and Bethesda, MD: NAC, 2006). The lost productivity estimates are based on the 2004 survey of U.S. caregivers conducted by NAC and AARP, *Caregiving in the U.S. 2004*.

⁴ MetLife Mature Market Institute, NAC, and University of Pittsburgh, *MetLife Study of Working Caregivers and Employer Health Care Costs* (Westport, CT: MetLife Mature Market Institute, February 2010).

⁵ Metropolitan Life Insurance Company and National Alliance for Caregiving (1997, June). *The Metlife study of employer costs for working caregivers*. Connecticut: Metropolitan Life Insurance Company.

⁶ Family Caregiver Alliance (2009). *2009 National Policy Statement*. San Francisco, CA.