

The Cost of Caregiving to Massachusetts Employers

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Informal caregiving is an essential system of support for many older adults. It can take several forms, from family members or friends managing medications to helping with yardwork to bathing and feeding loved ones. More than one of eight Americans—including 844,000 Massachusettsans—acts as an unpaid caregiver to someone aged 50 or older.

Informal caregiving benefits seniors by allowing them to age within their community, surrounded by a strong network of supports. It is also a cost-effective alternative to paying for outside care. But it can place immense financial, physical and emotional pressures on caregivers, which in turn often impacts their employment.

This research brief, developed and published by the Colorado Health Institute (CHI) under sponsorship from the Massachusetts eHealth Institute (MeHI), quantifies the cost of informal caregiving incurred by Bay State employers in 2017. To determine this cost, CHI used Massachusetts-specific data collected by MeHI, which CHI then adapted to a statistical model

originally created for Colorado's Strategic Action Planning Group on Aging in 2016. A summary of findings and methods is provided below.

Key Findings

The cost of informal caregiving to employers in Massachusetts was \$982 million in 2017.

The majority (72 percent) of these costs were associated with turnover. The demands of informal caregiving on top of employment can be too much to handle. It is not uncommon for unpaid caregivers to quit their jobs or retire early. The cost of turnover takes into account employer expenses such as training replacements.

Figure 1. Informal Caregiving Cost Massachusetts Employers \$982 Million in 2017



Work absenteeism accounted for another 17 percent of the cost. Employees with caregiving responsibilities are more likely than non-caregivers to miss days of work. Sixty percent of informal caregivers who have jobs report a negative impact on their jobs, such as working fewer hours or taking time off work. CHI's analysis includes estimated costs of partial absenteeism—coming in late or leaving early due to caregiving responsibilities

The remaining 12 percent of economic loss is attributable to presenteeism. The responsibilities that come with caregiving, as well as the stress, can make it tough for employees to focus on work. This effect, often referred to as presenteeism, is difficult but important to measure. CHI assessed the cost of presenteeism by using the number of hours lost due to workday interruptions.

The \$982 million economic impact to Massachusetts employers in 2017 is considerably higher than the \$564 million economic impact calculated for Colorado in 2015. A handful of factors contribute to this difference. First, the AARP estimates that 884,000 Massachusettsans are caregivers to older adults, versus 584,000 Coloradans. Second, the average wage in Massachusetts in 2017 is higher than the average wage in Colorado in 2015. Finally, wage gaps between Massachusetts and Colorado are especially pronounced when it comes to populations that are more likely to be caregivers, such as women. High wages among employees providing caregiving services translates to a greater employer economic impact.

Methods

To determine the financial impact of absenteeism, CHI determined the number of people whose caregiving responsibilities resulted in a workplace impact. Then, we derived from the literature the number of hours per year each of these employees were absent due to caregiving. (Lost hours included both full-day absences as well as partial absenteeism.) CHI used

wage earnings associated with these hours to model the cost to the employer. Wage data were provided by MeHI.

A similar process was used to estimate presenteeism, using hours lost due to caregiving-related interruptions throughout the day.

To calculate turnover costs, CHI first used AARP studies to calculate the number of caregivers who report job loss or early retirement due to caregiving. The cost to replace these professionals is estimated to be 62.5 percent of average annual salaries, a ratio based on data from the Society for Human Resource Management and provided by MeHI.

Extensive research shows both caregiving rates and salary vary substantially by sex, race and ethnicity (e.g., American women are nearly 50 percent more likely to report workplace impacts due to caregiving for an older relative than American men, and their average salaries are nearly 20 percent lower). This model stratifies by these demographics to account for these differences wherever possible.

Note that some data used in this analysis were based on findings from older surveys and reports. CHI's 2017 projections account for changes in the workforce such as increasingly flexible schedules due to telecommuting.

Sources

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MeHI, or the Massachusetts eHealth Institute at the Massachusetts Technology Collaborative, is the state's entity for healthcare innovation, technology, and competitiveness and is responsible for advancing the dissemination of health information technology throughout Massachusetts. MeHI is also the lead agency on the public-private Massachusetts Digital Health Initiative and works closely with the Massachusetts Executive Office of Elder Affairs to support the Commonwealth's campaign to promote healthy aging, including research into the ways technology can assist family caregivers in Massachusetts. Learn more at mehi.masstech.org or massdigitalhealth.org.

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303 E. 17th Ave., Suite 930, Denver, CO 80203 • 303.831.4200 • coloradohealthinstitute.org