

## Role Reversal: The High Cost of Elder Care

### Americans Personally Shell Out More Than \$100 Billion Caring for Seniors In Need

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The cost of caring for others is almost unimaginable. Each year the U.S. spends more than \$309 billion caring for the frail and elderly. With the Baby Boomers well on their way to sexagenarian status the annual tab is going to get bigger -- significantly bigger -- in the coming decades.

Today about 10 million of us need long-term care, and most of those people are living in their homes. While many of the elderly have professional assistance with daily tasks at home, the biggest part of them rely on the "informal" help of family and friends to get by.

A recent estimate puts the market value of this "informal care" market at \$102.7 billion in 2005. That's more than twice what the government spent on Medicare that year. It makes sense when you realize that 35 percent of American workers reported caring in some capacity for a senior relative in a 2002 study of the issue.

Insurance giant MetLife's Mature Market Institute says its studies indicate that informal care givers don't just give up time -- on average 25 hours a week -- but also earning potential. According to their 1999 study of the issue, people who took on a caregiver role for an elderly parent or friend give up more than \$650,000 in lifetime earning potential.

Employers chip in for the cost of informal elder care as well. A recent MetLife study says that American businesses see \$33 billion in lost productivity each year thanks to their employee's care-giving obligations.

#### The Issue: By The Numbers

- The largest financial burden for long-term care of the elderly falls on the families of frail older Americans. The "informal care" spending represents the largest part of the nation's overall spending - 33.2 percent (\$102.7 billion) of the \$309 billion we spent.
- The average caregiver invests 25 hours a week in offering support to their elderly relatives.
- Most caregivers are women (69.5 percent) and work full-time (53.1 percent).
- Frail older adults are often financially challenged. According to Census figures, the median older adult with severe disabilities had household financial assets of just \$7,800. This measure looks at assets, which can be easily liquidated to pay for long-term care and other needs.
- Professional help for the elderly comes at a cost. The average hourly rate for a home health aid was \$19 in 2006.
- Most people do not have an insurance safety net to deal with the high costs of long-term care. Only 10 percent of seniors had long-term care insurance in 2002.