

Unpaid Caregivers: Growing Demand and Limited Supply

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Background

The importance of family and friend caregivers has been well established in the research on long-term services for older people. However, several recent studies indicate that the supply of unpaid caregivers is declining and this change in potential support could have major policy implications. This brief will explore:

- » The value of unpaid caregiver work.
- » Estimates of the future availability of caregivers.
- » Ways to better support potential caregivers now and in the future.

What is the Value of Family and Friends Caregiving?

- » A recent study by AARP estimated that in 2013 there were nearly 1.5 million family members and friends caring for older people in Ohio (Reinhard S., Feinberg, L., and Houser, A., AARP, 2015).
- » On average, each caregiver provided three hours of assistance every day, resulting in an estimated monetary value of \$16.5 billion in 2013.
- » In contrast, the total estimated cost of formal care from Medicaid, out-of-pocket payments, and other private and public payers (not counting Medicare) for older people in Ohio was \$4.75 billion in 2013, based on a study by the SCAN Foundation.

These estimates, which are consistent with previous studies, indicate that 78% of the long-term services provided in Ohio come from family members, friends, and neighbors. Public funds, including Medicaid, Veterans Affairs, state and local programs counted for about 14% of the total care package and private payments for the remaining 8% of the total value of all long-term services (see Figure 1).

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1.5 M

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The estimated **monetary value**
of support by unpaid caregivers was

\$16.5 B

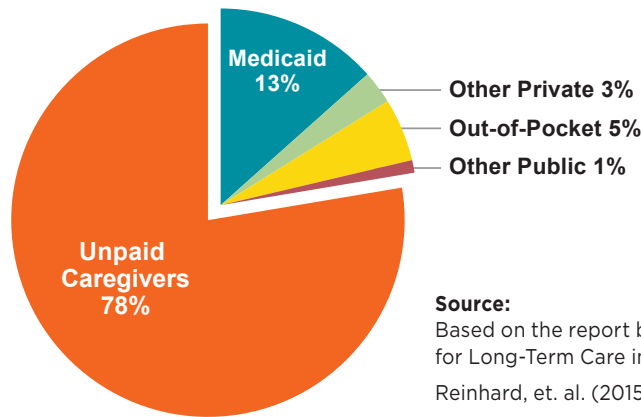
in 2013 with an average of three hours
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Figure 1: Estimated Proportion of Total Value of Ohio's Long-Term Services and Supports by Source, 2013
 Total Value of Services Rendered= \$21.25 Billion

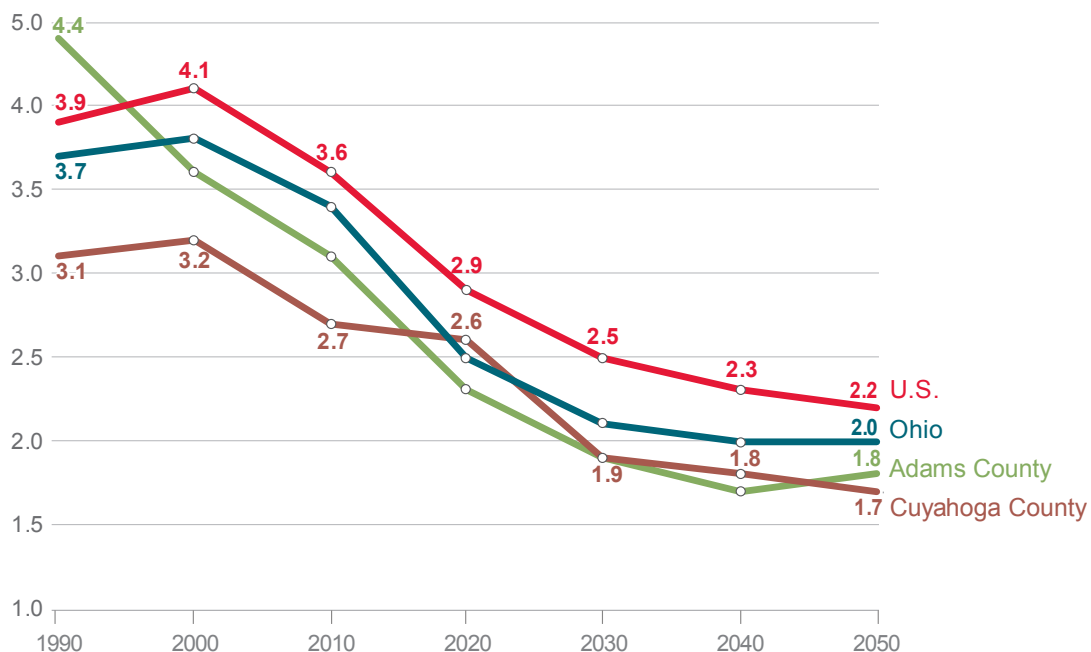


Source:
 Based on the report by: The Scan Foundation, 2013. Who Pays for Long-Term Care in U.S.? (2015); Reinhard, et. al. (2015). Valuing the Invaluable 2015 Update.

Estimates of the Future Supply of Caregivers

An AARP (2013) study defines potential caregivers as the number of people age 45-64 and possible care recipients as those age 80 and older. There is evidence from the Bureau of Labor Statistics (BLS) that individuals as young as 15 sometimes perform caregiving tasks for someone age 65 and older and conversely, many people younger than 80 need supports and services (BLS, 2015; Mehdizadeh, Nelson, & Kunkel, 2014). We project that, on average, the probability of a person between the ages of 60 to 79 having a severe physical or cognitive disability is about 3.5% (about 63,400 in 2010 and 72,500 persons in Ohio in 2015). Using the combined information from AARP and studies from the Bureau of Labor Statistics (BLS) in conjunction with estimates on the projected population of Ohio between now and 2050, we estimate the ratio of potential caregivers to care recipients. We present estimates for the U.S. overall, Ohio, and two counties, Cuyahoga, with an urban, large and diverse population, and Adams, with a rural, small, and homogenous population (see Figure 2).

Figure 2: Number of Available Potential Family and Friends Caregivers (Ages 15-64) for Those With Likely Care Needs (60 and Older)



Estimates from this analysis show:

- » In 1990, there were nearly four potential caregivers (age 15 to 64), for each person age 60 and older in need of long-term services in the U.S. (3.7 in Ohio); that ratio declined to 3.6 for the U.S. and 3.4 for Ohio by 2010.
- » By 2030 there will be about 2.5 potential caregivers for each care recipient in the nation and 2.1 in Ohio.
- » Between 2030 and 2050 this ratio will decline further, nationally to 2.2 and 2.0 for Ohio.
- » Adams County, one of the smallest rural counties in Ohio, had a higher availability of caregivers than the state average in 1990 (4.4 caregivers per care recipient) but it is expected to reach a rate lower than the state overall by 2050 (1.8). This is based on a migration assumption that younger working age people will continue to move to urban areas for employment opportunities.
- » Cuyahoga County, the largest county in the state, started with a lower ratio than the state in 1990 (3.1) and is expected to continue that trend through 2050, when the ratio declines to 1.7. Cuyahoga County, like many older industrial cities and counties, is experiencing a decline in the working age population.

Implications for Unpaid Caregiver Sustainability

The Bureau of Labor Statistics (BLS) provides estimates of the proportion of the community population that were caregivers for someone age 65 and over, by age group and gender (see Table 1).

Table 1: Proportion of Community Population Providing Care to Older Adults

Age	Male (%)	Female (%)
15-24	9.9	13.0
25-34	8.1	9.9
35-44	11.9	13.6
45-54	20.9	24.9
55-64	21.1	25.4
65+	13.8	20.0

Source: U.S. Dept. of Labor, Bureau of Labor Statistics: Table 1. Number and percent of the U.S. population who were eldercare providers by sex and selected characteristics, averages for the combined years 2013-14. Available from: <http://www.bls.gov/news.release/elcare.t01.htm#averages>

Using the age ranges that BLS uses for potential caregivers and care recipients we found that in 2000, for every person age 75 and older there were 3.6 persons age 45-74, prime caregiving ages. By 2030, that ratio is projected to be down to 1.8 persons, and by 2050 the ratio will decline further to 1.6 caregivers per care recipient. The proportion of Ohio's total population that is age 75 and older increases from 6% in 2000 to 14% in 2050, the proportion that could be caregivers (ages 15-74) declines from nearly 80% of the population to 68%. Although this is a national trend, because the total population of the state will increase by only two percent, Ohio will experience more caregiving pressures than the U.S. overall.

The declining ratio of caregivers per care recipient in Ohio, and the U.S. overall, began in 2000 and will continue through 2050. Many of the reasons for the reduction in the pool of caregivers are not unique to Ohio, such as families choosing to have fewer children and the lower mortality rate. In addition, Ohio

has experienced an out-migration of the working age population and an in-migration of individuals age 80 and older. These demographic changes will likely increase demand for formal care, at least in the next three decades. The formal care system relies on a direct care workforce that has faced challenges. When the economy is on the mend and other employment opportunities exist, fewer people seek employment in this industry because of its high degree of stress, low pay, and limited benefits. Even if there were an ample supply of long-term services workers, paying for the additional formal care will still need to be addressed.

How Will Ohio Replace and Pay for the Work Unpaid Caregivers Provide?

With a reduction in the availability of unpaid caregivers, older people in Ohio needing assistance may have to more heavily rely on the formal system of services. Given the challenges in recruiting and training the direct care workforce and the anticipated private and public funding pressures, these demographic changes could have a major impact on older Ohioans and their families. There are a number of program and policy options to explore as Ohio addresses this challenge. Are there economic policies that the state can develop to support caregivers through such mechanisms as tax credits? Are there state or local programs using respite or other types of support services that can be developed to better support caregivers? Are there policies that employers can develop to better support workers who are caregivers by instituting more flexible work hours or other types of benefits? Can better support for home modifications be developed to allow individuals to either remain more independent in their own homes or achieve better independence in living with family members or friends? Can assistive technology be made more available to enhance the ability of caregivers to monitor loved ones from remote locations, such as the workplace? Can self-direction programs be enhanced that provide some financial support for caregivers who need compensation to leave the workforce to become caregivers? Finally, can better training be available to unpaid caregivers to assist in the range of activities required to provide support to individuals with severe physical and cognitive disability? These and other questions will need to be examined in light of the future demographic challenges facing the state. Ohio, and the nation overall, have begun to address some of these issues, but innovative programs and policies will be needed in the future to respond to the expected changes.

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