

The Business Case for Caregiver Policies: Determining the Return on Investment for Employers

“Determining the Return on Investment: Supportive Policies for Employee Caregivers,” a report released by AARP and Respect a Caregiver’s Time (ReACT) in April 2016, provides evidence of a positive return on investment for workplace policies that support caregivers. Reviewing and analyzing a substantial body of literature on the topic, the report presents the business case for caregiver support policies.

Frequently Asked Questions

Q: Why research and publish this report?

A: Caregivers create substantial value for society and at work. But individual employers struggle to determine whether it makes financial sense to invest in policies to support caregivers. This report summarizes the current evidence for the costs and benefits of caregiver support policies to employers, in order to help them make such decisions.

Q: Why is elder care an issue for businesses?

A: Managing the conflicting demands of jobs and elder care can increase absenteeism, reduce performance at work and decrease retention. As a greater percentage of the U.S. population reaches traditional retirement age the impact on employees will grow. Further, the government currently offers little support or research on the issue.

Q: What trends are increasing the prevalence of caregivers in the workforce?

A: More employees are facing eldercare responsibilities as the U.S. population undergoes a demographic shift – driven by the baby boomer generation – that will lead to an unprecedented number of older Americans. Additionally, there is an increased number of older women in the workforce, who are most often

the caregivers. Finally, the growing prevalence of chronic conditions and the rising cost of home care will force more Americans to rely on family elder care.

Q: Are there any government mandates to provide eldercare support to employees?

A: 3 states – New Jersey, California, and Rhode Island – have enacted paid family leave laws that include caregivers.

Q: What are the report’s findings?

A: The report finds that a substantial body of evidence supports the business case for policies to support caregivers. In particular, there was a positive ROI for those policies that enable caregivers to balance their jobs with caregiving responsibilities. Specifically, for every dollar invested in flextime, businesses can expect a return of between \$1.70 and \$4.34, and for every dollar invested in telecommuting, businesses can expect a return of between \$2.46 and \$4.45.

Based on our review, while there was not enough existing research for the report to assess the ROI of other policies, they could still play a significant role in supporting employees with eldercare responsibilities. More research is needed to determine their impact based on investment.

Q: Is the take-away from the report that flextime and telecommuting are all that is needed?

A: No, flextime and telecommuting are merely the only benefits for which we were able to quantify their ROI. To support caregivers, employers need to take a broad approach. There are many promising policies beyond flextime and telecommuting, such as providing transport, financial/legal advice, paid leave, and technology to employees who care for older loved ones.

Q: What is the report’s methodology?

A: The report organizes and summarizes the available evidence published in the last two decades on the costs and benefits of caregiver support policies, and provides a ROI calculation on those policies from an employer perspective.

The report creates a framework to categorize the different caregiver support policies, as well as their costs and benefits. The report then searched various citation databases on economics, social sciences, and medicine, including articles, reports, conference proceedings, and books, published in the United States between 1995 and 2015. This database search yielded 670 publications, 42 of which were selected for data extraction based on a review of their titles, abstracts, full-text, and methodologies.

In addition to the database search, the report searched references citing or cited by expert-nominated publications. This resulted in an additional 53 publications, 29 of which were selected for data extraction. Combined with the database search, this resulted in 71 studies analyzed in the report.

To calculate the ROI of caregiver support policies, the report converted both the policies' effects and costs into proportional changes measured by an employee's annual compensation. The report then constructed two scenarios for the ROI calculation: one for a workforce with an average annual compensation of \$50,000 and the other \$100,000. These scenarios form the lower and upper limits of the ROI calculations, respectively.

Q: How were publications chosen for inclusion in the report?

A: Titles and abstracts of identified publications were reviewed for suitability, followed by full-text review of promising papers. Those papers that provided actual estimates for the costs and benefits of caregiver support policies were abstracted into the database.

Q: How were costs and benefits of caregiver support policies estimated?

A: For the costs of the reviewed policies, the report estimated the direct cost of payouts, as well as the indirect costs of benefit set-up and benefit administration.

For the benefits of the reviewed policies, the report estimated the benefits of caregiver support policies on recruitment, retention/turnover, absenteeism, healthcare costs, profits, and share price/enterprise value.

Q: What is the geographic scope of the report?

A: The report only considers evidence from within the U.S.

Q: What are the limits of the report's findings?

A: There are very few company policies intended specifically for caregivers. Therefore, the report does not determine the ROI specific to those who are caring for older adults. However, this subset of caregivers will benefit from the broader policies that the report examines, such as flextime and telecommuting, so the report's findings are still significant for elder care.

Q: How does the report relate to other research on caregiver support policies?

A: This report surveys a wide variety of existing studies on the costs and benefits of policies to support caregivers, and combines their findings into a succinct measure of the ROI of specific policies.

Q: What are the key steps for an employer who wants to support caregivers?

A: Employers can first understand their elder caregiving population with

company-wide studies that not only raise awareness, but indicate caregivers' most pressing needs. Employers can then engage a variety of leaders in a culture change to improve the day-to-day implementation of caregiver support policies. Further, including information about elder caregiving in strategic communications can de-stigmatize and normalize the issue. These three steps can improve caregivers' likelihood to access accommodations like flexible work arrangements and provided outside resources, which are a critical element of broad-based support for the caregiving population.

Q: What next steps does the report recommend?

A: The report's findings indicate that there is a business case for employers to implement policies that allow employee caregivers to better manage their work and caregiving responsibilities, particularly flextime and telecommuting.

The report also demonstrates the value of further research into policies to support caregivers. Although there is not enough existing evidence to determine the ROI of many possible policies to support caregivers, these approaches could still play a significant role in a broad-based business response to elder caregiving. A successful strategy going forward will include finding businesses willing to partner to investigate the ROI of further policies to support caregivers.