

The Cost of Caregiving to Massachusetts Employers

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Informal caregiving for older adults can take several forms, from family members managing medications, to friends helping with yardwork, to the daily care of bathing and feeding.

This support allows older adults to age within their communities and offers a cost-effective alternative to paying for outside care. But it can place immense financial, physical, and emotional pressure on caregivers, which often impacts their employment.

This brief, an update to a [2018 report](#) developed and published by the Colorado Health Institute (CHI) under sponsorship from the Massachusetts eHealth Institute (MeHI) at Mass Tech, quantifies the cost of informal caregiving incurred by Bay State employers in 2022.

Key Findings

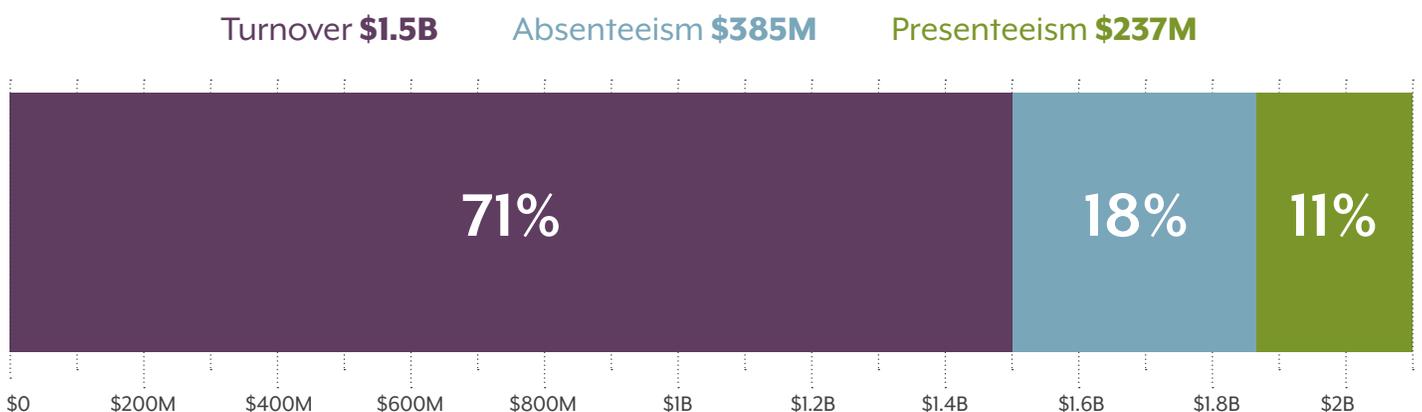
The cost of informal caregiving to employers in Massachusetts was \$2.1 billion in 2022.

The majority (71%) of these costs were associated with turnover. Unpaid caregivers often quit their jobs or retire early due to the added demands of caregiving. The cost of turnover considers employer expenses such as training replacements.

Work absenteeism accounted for another 18% of the cost. Employees with caregiving responsibilities are more likely than non-caregivers to work fewer hours or take time off. CHI's analysis includes estimated costs of partial absenteeism — coming in late or leaving early due to caregiving responsibilities.

The remaining 11% of economic loss is attributable to presenteeism. The responsibilities and stress that come with caregiving 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.

Figure 1. Informal Caregiving Cost Massachusetts Employers \$2.1 Billion in 2022



The \$2.1 billion economic impact to Massachusetts employers in 2022 is considerably higher than the \$982 million economic impact calculated in 2017. While some of this change is due to wage and population growth, the most significant impacts are attributable to COVID-19. One study found that the intensity of care provided by current caregivers grew by 56% due to acute and long-term COVID. And the number of caregivers for older adults in Massachusetts grew as well, to 1.1 million in 2022 from 844,000 in 2017.

Methods

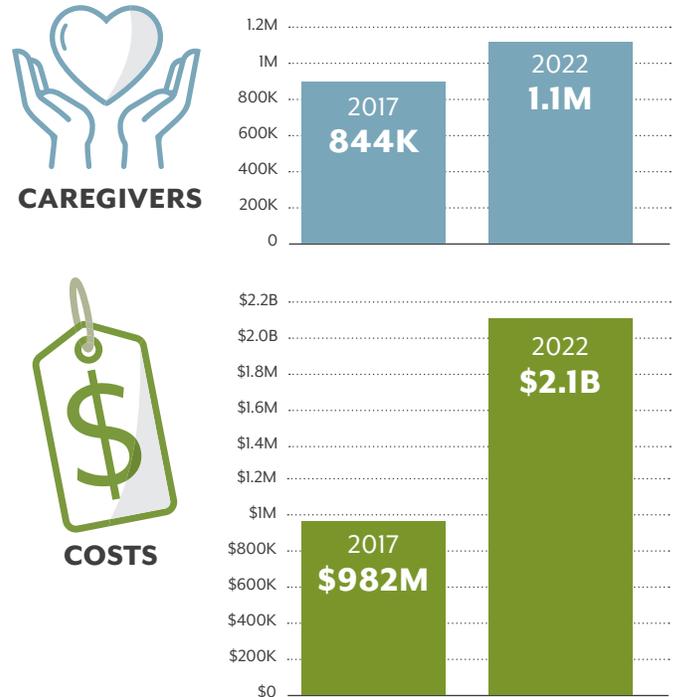
To determine the financial impact of absenteeism, CHI determined the number of people whose caregiving responsibilities resulted in a workplace impact. Then from the literature we derived the number of hours per year these employees were absent due to caregiving. (Lost hours included both full-day absences 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. Both absenteeism and presenteeism estimates were increased by 55.7% to account for increased caregiving intensity attributable to COVID-19.

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. This figure was increased by 32% to account for the increases in the number of people not working because they are caring for an elderly person, as reported in the 2020 and 2022 Census Pulse Polls. The cost to replace these professionals is estimated to be 62.5% 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% more likely than American men to report workplace impacts due to caregiving for an older relative and their average salaries are nearly 20% lower). This model stratifies data by these demographics to account for differences wherever possible.

Figure 2. Informal Caregiving Numbers and Costs to Employers Grew in Massachusetts During COVID-19



Note that some data used in this analysis were based on findings from older surveys and reports. CHI's 2022 projections account for changes in the workforce, such as increasingly flexible schedules due to telecommuting, in addition to COVID-19.

Sources

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