

S. HRG. 110-163

**ARE THE EXPLOSIVE COSTS OF ELDER CARE  
HURTING FAMILY FINANCES AND BUSINESS  
COMPETITION?**

---

---

**HEARING**

BEFORE THE

**JOINT ECONOMIC COMMITTEE  
CONGRESS OF THE UNITED STATES**

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

\_\_\_\_\_  
MAY 16, 2007  
\_\_\_\_\_

Printed for the use of the Joint Economic Committee



U.S. GOVERNMENT PRINTING OFFICE

36-705 PDF

WASHINGTON : 2007

---

For sale by the Superintendent of Documents, U.S. Government Printing Office  
Internet: [bookstore.gpo.gov](http://bookstore.gpo.gov) Phone: toll free (866) 512-1800; DC area (202) 512-1800  
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

JOINT ECONOMIC COMMITTEE

[Created pursuant to Sec. 5(a) of Public Law 304, 79th Congress]

**SENATE**

CHARLES E. SCHUMER, *Chairman*  
EDWARD M. KENNEDY, Massachusetts  
JEFF BINGAMAN, New Mexico  
AMY KLOBUCHAR, Minnesota  
ROBERT P. CASEY, JR., Pennsylvania  
JIM WEBB, Virginia  
SAM BROWNBACK, Kansas  
JOHN SUNUNU, New Hampshire  
JIM DEMINT, South Carolina  
ROBERT F. BENNETT, Utah

**HOUSE OF REPRESENTATIVES**

CAROLYN B. MALONEY, New York  
MAURICE D. HINCHEY, New York  
BARON P. HILL, Indiana  
LORETTA SANCHEZ, California  
ELIJAH CUMMINGS, Maryland  
LLOYD DOGGETT, Texas  
JIM SAXTON, New Jersey, *Ranking Minority*  
KEVIN BRADY, Texas  
PHIL ENGLISH, Pennsylvania  
RON PAUL, Texas

(VACANT) *Executive Director*

KATHERINE BEIRNE, *Deputy Staff Director for Policy*

CHRISTOPHER J. FRENZE, *Minority Staff Director*

# CONTENTS

## MEMBERS

Hon. Amy Klobuchar, presiding, a U.S. Senator from Minnesota .....	1
Hon. Loretta Sanchez, a U.S. Representative from California .....	3
Hon. Charles Schumer, Chairman, a U.S. Senator from New York .....	13
Hon. Robert P. Casey Jr., a U.S. Senator from Pennsylvania .....	14

## WITNESSES

Statement of Dr. Richard W. Johnson, principal research associate, The Urban Institute .....	4
Statement of Virginia Morris, Author of "How to Care for Aging Parents," Sag Harbor, New York .....	6
Statement of Leni Wilcox, division director, Community Services for the Elderly, Amherst H. Wilder Foundation, St. Paul Minnesota .....	9
Statement of Scott A. Weisberg, vice president, Compensation, Benefits and Staffing, General Mills, Inc., Minneapolis, Minnesota .....	11

## SUBMISSIONS FOR THE RECORD

Prepared statement of Senator Charles E. Schumer, Chairman .....	26
Prepared statement of Senator Amy Klobuchar .....	26
Prepared statement of Senator Robert P. Casey, Jr. ....	28
Prepared statement of Representative Carolyn B. Maloney, Vice Chair .....	28
Prepared statement of Dr. Richard W. Johnson, principal research associate, The Urban Institute .....	29
Prepared statement of Virginia Morris, Author of "How to Care for Aging Parents," Sag Harbor, New York .....	36
Prepared statement of Leni Wilcox, division director, Community Services for the Elderly, Amherst H. Wilder Foundation, St. Paul Minnesota .....	40
Prepared statement of Scott A. Weisberg, vice president, Compensation, Benefits and Staffing, General Mills, Inc., Minneapolis, Minnesota .....	43



# ARE THE EXPLOSIVE COSTS OF ELDER CARE HURTING FAMILY FINANCES AND BUSINESS COMPETITION?

WEDNESDAY, MAY 16, 2007

CONGRESS OF THE UNITED STATES,  
JOINT ECONOMIC COMMITTEE,  
*Washington, DC.*

The Committee met at 9:30 a.m., in room 216 of the Senate Hart Building, the Honorable Amy Klobuchar presiding.

**Senators present:** Casey, Klobuchar, and Schumer.

**Representatives present.** Sanchez.

**Staff members present:** Christina Baumgardner, Katie Beirne, Colleen Healy, Zach Luck, Kasia Murray, Robert Weingart, and Adam Wilson.

## OPENING STATEMENT OF HON. AMY KLOBUCHAR, A U.S. SENATOR FROM MINNESOTA

**Senator Klobuchar** [presiding]. I would like to call the meeting of the Joint Economic Committee to order. I want to thank everyone for being here for this important hearing. It is one of the first hearings we have had in Congress about what they call the “sandwich generation,” which is the issue of adult children who are caring for their own children and also for their own parents. Just in general, the issue of elder care has been discussed in the Congress, but it is clearly a growing issue.

We have a number of very good expert witnesses here today. We are going to be joined by a number of Senators. I know Senator Schumer is coming, and I believe Senator Casey is coming. I am going to let them, when they come in, give their statements. We also have Congresswoman Sanchez here today.

I am going to make a brief statement, and then we are going to have Congresswoman Sanchez speak, and then we will proceed to our great panel of witnesses, and ask each of you to speak for about 5 minutes and then we will have some questions. Thank you very much for being here.

I wanted to thank Chairman Schumer and Vice Chairwoman Maloney for graciously giving me the opportunity call this hearing, examining the economic impact of caring for our Nation’s elderly and what it has done to our American families and businesses.

I have a little experience with this myself with my mom. She is 80 years old now and is still living at home. We have some discussions about this every so often. She has had a couple knee surgeries. I also have a child who is 11 years old, and I knew that this

was a balance the day that I had to give a presentation for work. I was going to visit my mom in the hospital. I couldn't figure out what to do with my 11-year-old daughter, and ended up with the decision that I would get the nurses in the hospital to allow her to "visit" my mother on her own for an hour. I think this is a minor example compared to what I have heard from across our State where many people are struggling with middle class issues of rising health care costs and child care costs, and rising college tuition costs. They are struggling to do what is right for their families.

In going around our State, I have talked to a number of caregivers. Their stories are heart warming in what they do for their parents, and how much they love their parents, but they also are heart-breaking because a number of them have quit their jobs, or have sacrificed a lot because they do not have the kind of support system within their own family that could help them with what should be a time that should not be as difficult as it so often is.

In many respects, this whole issue is a success story for our society. So many of our seniors are able to enjoy long and fulfilling lives. According to the Centers for Disease Control, a baby born today is expected to live well into his or her eighties, almost 35 years longer than a baby born at the turn of the 20th Century.

But as Americans are living longer, their needs for support are growing. Today, almost 10 million Americans, or more than one-third of the Nation's senior population, needs some form of long-term care.

While nursing homes and paid care providers support our elderly in some situations, the vast majority of elder care comes from informal caregivers, more than half of whom are adult children taking care of their parents.

Today our adult daughters and sons are increasingly responsible for helping their parents with tasks ranging from the mundane, like shopping for groceries and helping with chores around the house, to much more difficult tasks like taking care of personal finances and helping to make major health care decisions.

While our adult children want to provide this type of care to their parents, they are feeling increasingly overwhelmed. They are stressed for time. They are tired.

They are frustrated with the fragmented, costly, and confusing system of services. And they are faced with financial challenges in caring for their aging parents.

Almost two-third of adult children who care for their parents work. Many report that to meet their care giving obligations, they need to take time off, to cut back on their hours, or to turn down opportunities for training or promotion.

They do this at the same time they are trying to make ends meet, save for their own retirement and putting their children through college. Therefore, it is not surprising that as more families are caring for elderly relatives in their later years, more need help with the costs of care.

To help ease the burdens on caregivers, our public policies, our business practices, and our family customs need to keep pace with the changing demographics of our society.

We have a lot of suggestions for what can be done here, and I think we are just at the beginning of this discussion today. I have

introduced, along with Senator Schumer and others, a modest proposal to help middle class families get a tax credit to cover expenses incurred by families as they care for an aging parent.

We have also talked about how we can make some of the services we are going to hear about today, the best practices available across the country.

We have talked about the issue of long-term care. In some instances, we have heard that long-term care does not appear to be working. I think only approximately 10 percent of our seniors have long-term care insurance right now. That is another part of this puzzle.

I look forward to hearing from our panelists today. I want to thank you for being here. I think you all come from different perspectives, and thank you very much and we look forward to your testimony.

[The prepared statement of Senator Klobuchar appears in the Submissions for the Record on page 26.]

**OPENING STATEMENT OF HON. LORETTA SANCHEZ, A U.S.  
REPRESENTATIVE FROM CALIFORNIA**

**Representative Sanchez.** Thank you, Senator. And thank you so much for caring so much about this topic.

You were just discussing a little bit here about caregivers. We all ask ourselves what does a caregiver look like? Well, you are looking at one.

I have a father who has Alzheimer's, and luckily I have six brothers and sisters who share the burden. We do not really look at it as a burden, obviously, because we are trying to share the last moments, possible moments, with my father. But it is an intense struggle to juggle schedules, to make the time commitment, to do the finances, and luckily my brothers and sisters are all very successful and they want to do this.

So for our family, I find it overwhelming when we have to, with two Congresswomen in the family, find the time and spare my brother because my Dad's in my brother's home, my younger brother, and he is just amazing. He runs his own business. His girlfriend works full time, goes to school full time; she has aging grandparents that she goes to at 8 a.m. on a Saturday morning and cleans their house, and goes grocery shopping for them to fill up the place for the rest of the week, and still comes home and, you know, handles my father who is in diapers and everything. It is just an amazing thing to watch what people really can do because they love their parents.

But for a family that does not have children, or a family that has children that do not want to take care of their parents, or a family that only has one child, the very fragmented pieces of our long-term care out there and what is available I think really makes a lot of burden on our families.

Every family is going to be facing this in our Nation as we all grow older. So I am very excited to be here and to listen to what our experts have to say, because we really do need to help our families address this issue.

It is a very difficult one, and I think in particular—thank God it is not in my family so much—but there are a lot of families

where we talk about explosive costs of elder care and how they handle this, and how it takes away from the rest of the family, and how people lose their jobs, and how they have to stay home, et cetera.

In particular, I am very interested also because minority communities do not typically use the services that are out there. And why there are those obstacles or those barriers and how we can also help them is not just a cultural issue of wanting to keep our parents in the home. There are a lot of other things going on.

So I think this hearing is incredibly important, and I really look forward to working with you to find some solutions for our working families.

Thank you.

**Senator Klobuchar.** Thank you very much, Congresswoman.

I would now like to introduce our distinguished panel. I am going to introduce all four of them and then have you each speak in this order:

First, Dr. Johnson. Dr. Richard Johnson is an economist and principal research associate at the Urban Institute where his research has focused on long-term care and the economic burden of providing unpaid elder care. Dr. Johnson is an expert on health and income security at older ages.

Second, Virginia Morris. Ms. Morris is an award-winning journalist and the author of "How To Care for Aging Parents," a guide to help adult children caring for their elderly parents deal with the financial, legal, medical, and other issues involved in care giving.

Congresswoman Sanchez, you can get her book. That would be helpful.

Leni Wilcox. Ms. Wilcox is division director of the Amherst H. Wilder Foundation's Community Services for the Elderly in St. Paul, Minnesota. This nonprofit provides community-based long-term care service to the elderly and caregivers, and I personally visited with a number of the caregivers involved in this program and I can tell you it is top notch and a good example of some of the good work that is going on across the country.

Finally, Scott Weisberg. Mr. Weisberg is vice president for Compensation, Benefits and Staffing for General Mills. He oversees the development and administration of benefits for the company's 28,000 world-wide employees, and they have been doing some innovative work in the area of elder care as well.

Dr. Johnson, would you like to begin.

**STATEMENT OF DR. RICHARD JOHNSON, PRINCIPAL RESEARCH ASSOCIATE, THE URBAN INSTITUTE, WASHINGTON, DC**

**Dr. Johnson.** Thank you, Chairman Klobuchar, and Members of the Committee, for the opportunity to testify today about the challenges confronting family caregivers.

My research over the past 15 years has taught me three things:

First, that family caregivers, especially adult daughters, provide crucial support to frail older Americans.

Second, that care responsibilities create hardships for family caregivers.



And third, that family caregivers need better support. I will elaborate on each of these points in turn.

Most frail older Americans live at home and rely on unpaid help from family and friends. Less than one-seventh of the frail older population resided in nursing homes in 2002, and only about 14 percent of all frail older adults living outside of nursing homes received paid home care. That was generally in combination with unpaid help.

Now older people turn to informal care partly because paid services are so expensive. Only about 10 percent of older people have private long-term care insurance. Medicaid covers paid home care for older people with very limited financial resources, but only about one in six frail older adults living at home have coverage, though many have little income and few assets.

About 34 million people representing about one in six adults provided care in 2004 to Americans ages 50 and older. More than half of unpaid caregivers to older people are their children or their children-in-law.

Daughters serve as primary caregivers for about two-thirds of widowed older care recipients.

The benefits of unpaid elder care are substantial. These activities enhance the lives of millions of frail adults and permit many to live in their own homes instead of in nursing homes.

Frail older adults who receive frequent help from their children are about 60 percent less likely to enter nursing homes than those who receive less help. And if the adult children who help their frail parents were paid the average hourly wage that nursing aides receive, the cost in 2005 would total about \$46 billion.

The cost of unpaid help from all family and friends would reach \$103 billion. That is about half the national spending for paid long-term care services. But these important activities create significant hardship for family caregivers, and that is my second point.

Care giving takes a lot of time. It typically lasts about 4 years. Daughters who help their parents average about 134 hours of care each month, and those who serve as primary caregivers devote about twice that amount.

Most people providing care to their parents juggle other responsibilities. About half are employed full time. Another 10 percent are employed part time. And more than 1 in 3 caregivers to older people have children under age 18.

Care responsibilities often interfere with paid work. More than half of employed caregivers report that their care duties sometimes force them to go to work late, to leave early, or to take time off.

My research shows that on average women ages 55 to 67 who help their parents cut back their work by nearly 400 hours per year, and that is an average annual loss of about \$8600.

Care responsibilities also take emotional and physical tolls on caregivers. They exhibit higher levels of depressive symptoms and other mental health problems than their peers who do not provide care.

They are less likely to engage in preventive health behaviors, and they are more prone to develop serious illness. And they exhibit higher mortality rates.

Now caregiver burdens are likely to worsen in coming decades as Baby Boomers age and the number of people with disabilities grows. Even if old age disability rates were to decline by 10 percent between 2000 and 2040, the number of frail older Americans will more than double over that period, outpacing the growth in the size of the younger population.

This brings me to my final point, that family caregivers need better support.

In a recent survey, about two-thirds said they needed more help or information. More than one in three said they needed help finding more time for themselves, and about as many said they needed help balancing work and care and managing emotional and physical stress.

There are few programs that support family caregivers. The three primary Federal initiatives for caregivers offer some help, but not enough.

The Family and Medical Leave Act guarantees workers up to 12 weeks of unpaid leave per year to care for an ill child, spouse, or parent, among other things, but most workers simply cannot afford to take unpaid leave.

Medicaid supplies the majority of public funding for home and community-based care, but services are available only to low-income people. And funding constraints in some States limit services even for those who qualify.

Finally, the National Family Care Givers Support Program provides States with funds to support family caregivers helping older people. It finances individual counseling and training for caregivers, information about community services, and respite care that provides temporary relief from care obligations. But inadequate funding levels have limited its impact. Additional funds for this program would allow local governments to provide more supportive services that family caregivers need.

Thank you.

[The prepared statement of Dr. Johnson appears in the Submissions for the Record on page 29.]

**Senator Klobuchar.** Thank you, Dr. Johnson.

Ms. Morris.

**STATEMENT OF VIRGINIA MORRIS, AUTHOR OF “HOW TO CARE FOR AGING PARENTS,” SAG HARBOR, NEW YORK**

**Ms. Morris.** Well I am afraid this is going to get a little repetitive, but thank you for having me here today.

This is an incredibly important topic, as clearly all of us know. I have my 9-year-old, 13-year-old here, and my 81-year-old mother at home.

Although caring for our elders is an age-old practice—it has been done throughout history in every culture—what we are encountering today is a new phenomena. Not only are people living longer, but they are living for years with multiple and severe illnesses.

They do not need just warm meals and a loving hug; they need someone to manage medications, wounds, catheters, and oxygen tanks. They need someone to feed them, to get them on the toilet, to pull on their socks, and to remind them what day it is. And they

need someone who can make sense of a maze of services, insurance forms, bills, and health plans.

The caregiver side of this equation has also changed. As you have heard already, caregivers often live apart and women, the traditional caregivers, are working and having children later. In other words, just as the needs of the elderly has grown, the availability of their caregivers has diminished.

Still, more than 80 percent of the care provided to the elderly in this country comes from family members. The value of that care has been estimated at about \$300 billion a year, but I would argue that it is priceless.

While care giving certainly has its rewards, it also takes an enormous toll as you have already heard, and families are bending under the strain. The average caregiver spends more than 20 hours a week at this task, but many live and breathe it unable to leave Dad alone for 1 minute.

About a fifth of caregivers devote 40 hours a week or more to an elderly person's care. The job typically lasts between 5 and 7 years.

It is not simply time-consuming, it is emotionally draining. Care givers are confused, guilt-ridden, overwhelmed; they are grieving; they are isolated; they are exhausted.

Many caregivers—as you say, the sandwich generation—are pulled between aging parents and young children. About 40 percent of caregivers have children under the age of 18 living at home.

Families are torn apart as the demands of care giving leave children neglected and marriages divided. I am sorry to paint such a bleak picture, but I am afraid it gets worse.

Half of all caregivers also work. Unable to juggle children, care giving, and careers, some quit their jobs. More than half cut back their hours or otherwise adjust their work days. They lose income and give up chances for bonuses and promotions.

While at work they are distracted and preoccupied. I had an estimate of \$34 billion a year, but you say \$46 billion a year; whatever, it is huge.

So what is a working caregiver to do? Put Mom in a nursing home? Mom certainly does not want that, nor do other family members.

Furthermore, the average cost of nursing home care is more than \$70,000 a year. In some areas like New York City, it is \$140,000 a year. That is the average, and that does not include medications or rehabilitative therapy.

Assisted living care and in-home care, professional in-home care are usually less expensive, but still out of reach for many families.

Those on one end of the financial spectrum can afford long-term care. Those on the other end quickly land in the safety net of Medicaid. But the vast majority of families reside in a gap.

They have faithfully paid their mortgages and put aside a reasonable nest egg, only to find their savings decimated and their loved ones without adequate care. Let me paint a quick picture for you—and you have your own pictures.

Ann's father lives with her. He has mild dementia. He recently lost his eyesight. He started to hallucinate. He needs someone with him at all times. Ann, who has a 15-year-old daughter, cannot af-

ford to quit her job, but hiring someone to stay with her father during the day will cost her \$50,000, much more than she earns.

There is no adult day care program in her community. For now, she has glued together a patchwork of friends, volunteers, and paid helpers, but it will not last. She is frazzled and frightened. She does not want to put her father in a nursing home, and she does not know what to do or where to turn.

Some 50 million Americans now care for elderly family members. As a society, we need them to do this job. We want them to stay at it. It is better for the elderly person, without question, to be cared for at home. And obviously we do not want a significant proportion of our elderly living in institutions and supported by Medicaid.

But the weight of this task often leaves caregivers clinically depressed, physically sick, divorced, unemployed, or impoverished. With nowhere to turn, they finally have no other choice but to put Dad in a nursing home.

To care for our seniors, to keep them out of institutions—which are both expensive and inadequate—we must care for family caregivers. I do not think we need studies to tell us—although there are dozens of them—that caregivers who have support, who have access to services, and who take breaks, take better care of their elderly family members, stay on this task for a longer period of time, and keep their loved ones out of institutions. These caregivers are also less apt to become sick and financially troubled. So the premise is a simple one. If we support caregivers up front, we will save money and lives further down the road.

Policy is not my specialty, but I can tell you that no one approach will solve this problem. We need to attack it on many fronts, and we need different strategies for different communities.

Businesses need to do much more to support their caregiving employees. Services such as respite, day-care, companions, home makers, handymen, support groups, meal, transportation, and delivery services, are all sorely needed, particularly in remote and underserved areas.

We also need early intervention in order to assist caregivers before they burn out. We need programs like some of these new collaborative programs that get doctors connected with Area Agencies on Aging so that they can identify caregivers early on and start an assessment to help them before they are frazzled.

People need help navigating the current system, which is impossibly fragmented and complicated. We need assessments of caregivers and the elderly as a holistic group somewhat in the way Hospice looks at a client. They look at the whole family group, not just the elderly person.

We need volunteer initiatives that put both young people and older people to work caring for those in their community. We need inter-generational programs that do not sequester the elderly—which I find to be a very dangerous thing to do.

In closing, I would like to remind you that there are some 78 million Baby Boomers who are now moving into their 50s and 60s, which means that their parents are between 70 and 95. Elder care is upon us.

Thank you, very much.

[The prepared statement of Ms. Morris appears in the Submissions for the Record on page 34.]

**Senator Klobuchar.** Thank you.

Ms. Wilcox.

**STATEMENT OF LENI WILCOX, DIVISION DIRECTOR, COMMUNITY SERVICES FOR THE ELDERLY, AMHERST H. WILDER FOUNDATION, ST. PAUL, MINNESOTA**

**Ms. Wilcox.** Yes. I think the themes you are going to hear are very similar through all of our testimonies.

Good morning, Chairman Klobuchar and distinguished Members of the Joint Economic Committee. Thank you, Chairman Klobuchar for bringing this critical issue before the Committee and inviting our testimony.

As Chairman Klobuchar mentioned, I am Division Director of Amherst H. Wilder Foundation's Community Services for the Elderly. We serve about 2,000 low-income and older and disabled adults and their family caregivers each year in the St. Paul, Minnesota, area.

We also partner with three other area nonprofit organizations to offer one-stop access to care coordination and our caregiver coaching service, a national award winner of the 2006 Family Caregiving Award.

This partnership, called Eldercare Partners, is funded by the National Family Caregivers Support Program through our Metropolitan Area Agency on Aging, and it allows us to assist about 400 family caregivers each year, helping them to do one of life's toughest jobs.

Our caregiver coaches assess caregivers' needs in depth, then help them navigate the service system, provide family mediation if it is needed, and then build an ongoing relationship to help them build the skills, confidence, and resilience they need to do their job.

We see two kinds of caregivers. First, we find those with mastery who have learned how to cope, who know when to ask for help and where to find it. And then we also see those who are physically overwhelmed, financially stressed, and emotionally almost out of control.

Too often if these caregivers do not receive some support, they give up, leading to much lower quality of life for the care recipient, but also for society—as other testifiers have said—through higher expenditures for institutional long-term care.

I would like to give an example here of how our caregiving service works. Alice is a caregiver and her father is an 80-year-old polio survivor now living with congestive heart failure, kidney disease, and depression.

Alice left her full-time job to provide the assistance and the 24-hour supervision he needs. She is paid as a personal care attendant for some of her caregiving hours, but her income has decreased dramatically.

She struggles to find time for the rest of her family and worries about neglecting her own health. The Eldercare Partners coach that works with Alice helped her to find a mental health consultant for her father, a Rabbi who will visit him at home, and, for her,

a volunteer to provide some respite so she can get away for short hours.

And the coach also works with Alice on setting and pursuing her own wellness goals. Alice proudly announced last week to her caregiver coach that she recently spent an hour in the park with her dog. This was a wonderful moment for this caregiver.

Caregiving is a core social value in America, regardless of income, cultural background, or geographic region. Most caregivers are unsung heroes who find great personal satisfaction without asking for recognition or thanks.

Their role is not an easy one, and services like ours help them juggle work, raise children, and care for their parents. As we have all stated, supporting caregivers is critical for America's future.

As Senator Klobuchar stated, as our Nation ages health and long-term care costs are projected to increase dramatically, and support for caregivers will be even more important in helping older adults remain in their homes as long as possible, where they want to be, and in community settings which is much more cost effective than institutional, long-term care.

And the economic impact of caregiving is substantial and longitudinal. High caregiver stress is associated with premature, costly, nursing home admission, and can negatively impact the caregiver's income, employment, future retirement security, and even their future health care costs.

Service awareness, access, and navigation are our greatest challenges. The services and financing that support long-term care are chaotic, fragmented, and intimidating for all of us, including me, who is in the business.

There is not a level playing field of supportive services available, with great variation among States and between metropolitan and rural areas. Although mainstream media coverage has certainly increased about Boomers caring for their parents, there is a great need for a lot more public education to make people aware that they can get support and help to navigate our disjointed system.

Caregivers are the heart of our long-term care system, and we must do more to address their emotional, physical, and financial challenges. Shifting the focus on and funding of long-term care to community services is essential.

Also, the National Family Caregiver Support Program was a significant first step in bringing resources and attention to caregiver needs. But public understanding still remains low. Service availability is uneven. And access is difficult.

You can help by keeping this issue alive in public discourse, strengthening access points and navigation assistance, and allowing flexibility in service design so caregivers have options for their unique circumstances. We all need caregivers. They need our help.

Thank you for your attention to this important and growing national issue.

[The prepared statement of Ms. Wilcox appears in the Submissions for the Record on page 40.]

**Senator Klobuchar.** Thank you, Ms. Wilcox.  
Mr. Weisberg.

**STATEMENT OF SCOTT A. WEISBERG, VICE PRESIDENT, COMPENSATION, BENEFITS AND STAFFING, GENERAL MILLS, INC., MINNEAPOLIS, MINNESOTA**

**Mr. Weisberg.** Well thank you, Senator Klobuchar, and thank you to the Members of the Joint Economic Committee for allowing General Mills to be here.

My name is Scott Weisberg, and my role at General Mills is as vice president of Compensation, Benefits and Staffing. General Mills has about 28,000 employees worldwide, and about 18,000 in the United States. About 5,000 in my adopted home State of Minnesota, and about 1,000 in my home State of California.

What I would like to talk about briefly today is a little bit different from the other panelists. I would like to talk about why elder care is important to General Mills, and probably by extension to all employers.

First and foremost, the way to understand this issue is that we are in a battle for talent day in and day out. That is where most of my time is consumed. So what I am thinking about is our employee value proposition. In fact, McKinsey did a study not too long ago and they characterized that as the Boomers exit the work place, there is going to be a War for Talent.

We are unique as employers go today, we think, because we still are one of the 18 percent of private employers that still offer a Defined Benefit Pension Program. We offer a 401K Program that has a company match that varies based on the corporation's performance. And we still offer Retiree Health Care.

So in those ways we are unique. But even with that, we are finding that it is harder and harder to recruit and retain the talent that we want. In the past, we found the campus recruits who we were trying to hire were receiving two additional offers to the offers that we were providing. We are now finding, on average, that we they are receiving five. And in the future we think that they are going to get seven to nine.

So it is tougher to recruit people. And executive recruiters who know that we are recruiting folks, we are developing folks, are coming after those we have recruited and trying to hire them away. So it behooves us to work on policies to make sure that we retain our employees, as well as hire and develop them.

So to do this, we found that one of the greatest things that we can do is to provide work life programs and policies that offer support, and we do that in three ways.

The first way is through financial support and expert advice. The primary way that we do that is to provide services like an Employee Assistance Program. We have offered an Employee Assistance Program for over 20 years to our employees where they can use the Internet and a toll-free 1-800 number to get advice on any number of things, including elder care.

But specifically, as it relates to elder care, our employees can call to get information around how to cope with the aging process, how to communicate and help their parents understand the Medicare and Medicaid system. They have access to a data base of over 100,000 elder care providers.

There are personalized searches that can be conducted to help the employees find adult day services and in-home services, and

conduct assessments in-home for their parents, as well as provide transportation services and retirement communities and nursing homes.

In addition, there is training that is provided to employees; that if they reach out and get it, they can either do it on line or there is other training available to help them plan and anticipate their own unique situations as it relates to elder care.

In addition, we offer long-term care insurance that can be purchased through our Employee Benefits Program. We find that with the purchasing leverage of General Mills and by helping our employees with finding a skilled provider, it is very helpful to them.

Second and most importantly is time. We are finding that the one thing that employees need more than ever before is time. Often when caring for an aging parent, the most important support that can be provided is just being there, whether it is for appointments, or to discuss a sensitive issue.

And so we have got competitive superior paid time off policies, whether it be 3 weeks to 5 weeks of paid vacation, flexibility through part-time employment, job sharing and flexible hours, paid maternity/paternity/and adoption leave, as well as summer hours, which is an important benefit in the summer, which is a compressed work week so that employees can take Friday afternoons off.

In addition, we have added flexibility through up to 2 weeks of additional flexible vacation time a year, and sabbaticals of 4 to 12 weeks a year if you have been with the company for more than 7 years.

But we all know that even with these policies and programs, and time off; these programs will fail if you do not have managers that support it. I will tell you that—and it sounds like my story is not unique—but I had my own version of the sandwich generation about 6 years ago.

We were at a critical time in our corporate history as we were going through the acquisition and integration of Pillsbury. As you can imagine, that is a pretty busy time for an HR guy. My son was about 15 months old at the time, and my father, who lived 1500 miles away in California, was diagnosed with cancer.

I moved him from California to Minnesota for the last 6 months of his life, and the EAP provided me with terrific advice in terms of where to go for his care. We have an in-house doctor who helped me kind of navigate the system of medical care and make sure that I was asking the right questions of his doctors and eventually to get him into the right place before he passed away.

So as we look forward, we are concerned with two issues. The first is: How do we help our employees in terms of flexibility as they care for their elderly parents?

Then also as employees are going through the aging process themselves and they are more and more concerned with the right kind of resources for retirement, how can we support them with their own transitions as they age and take care of their parents?

So thank you very much for the time to talk today, and I am interested in the Q and A.

[The prepared statement of Mr. Weisberg appears in the Submissions for the Record on page 43.]



**Senator Klobuchar.** Thank you very much, Mr. Weisberg. We have our official Chairman, Senator Schumer, here today who was gracious enough to let me Chair this, and he has a lot to do today, but he came by to join us for a few minutes.

Thank you, Senator Schumer.

**OPENING STATEMENT OF HON. CHARLES SCHUMER,  
CHAIRMAN, A U.S. SENATOR FROM NEW YORK**

**Chairman Schumer.** Well thank you, Senator Klobuchar. This may be the first hearing you are chairing, but it will not be the last, I assure you of that, either on this Committee or on many other august places in this United States Senate. Senator Klobuchar just does an incredible job on so many of the issues that matter to average folks.

One of the great things about our new freshman class here is that they are in touch with what people really want, and that is how our system gets infused with new vitality.

I would also like to welcome my constituent, Ms. Morris, for coming and thank you for writing a great book, which we appreciate.

Now it is very important that we hold this hearing because there are new problems in America. Technology has changed our world. It has created terrorism. Small groups of bad people can hurt us. It has created globalization, but one of the things that people forget about—which may be more profound than the other two, at least to families every day—is we live a lot longer. The average life expectancy continues to climb and climb and climb.

I read somewhere that a little girl born today, if she lives to her first year, because there are diseases at birth, is likely by the time she is 50 to have a life expectancy of 100. They will expect her to live to 100. It is a little less for men who are not as strong a sex as women.

This is an amazing thing. It changes everything in our lives—everything, everything, everything. I remember when Willard Scott, when I first started watching the Today Show, would read birthdays and 85 was an old, old birthday, a rare thing. I think, when he quit he was reading them at 102, or 103, and it shows you again how society has progressed. And with people living longer, elder care is so, so important, more important than ever.

It is probably one of those issues that average families when they sit around the dinner table Friday night think about a lot more than many of the things we talk about here. So it is prescient of Senator Klobuchar to lead this hearing and suggest that we have this hearing.

We have to figure out, as you talked about, Mr. Weisberg, in your own personal life, how average families can balance work and taking care of their own children, struggling to save for their own retirements, and then deal with their parents, as well. It is a phenomena that we have to pay a lot of attention to.

I do not want to read my entire statement. I will make a couple of points. I do not know if they were made.

First, help for the elderly from friends and family is valued at about \$100 billion a year, and it is growing. That is a huge number. Most things that take \$100 billion in our society we pay more attention to than this one.

It is more than Medicaid. It is 2½ times Medicare. We pay a lot of attention to Medicare, and we should, but what about paying attention to this issue.

It is going to get even more difficult because people are getting older. Baby Boomers have fewer children. The overall labor force relative to the elderly population will shrink, and also because, as you all point out, the old idea of families living near one another is gone.

It used to be that there was a whole network of relatives. So when someone elderly became sick, their kids, their nieces and nephews, their brothers and sisters, would care for them. That is a more rare thing now with our vastly mobile society.

So basically the kinds of policies that we design have not caught up with these new realities. One of our jobs at the Joint Economic Committee, which Senator Klobuchar is so ably leading us on here, is to figure out not the specific policy recommendations—those are in the substantive committees—but to lay out a problem and point to the general direction in which we must move, and we hope this hearing will really be groundbreaking in that regard.

So I thank all of you for being here. I thank my colleagues, and on with the questions.

[The prepared statement of Senator Schumer appears in the Submissions for the Record on page 26.]

**Senator Klobuchar.** Thank you, Senator Schumer.  
Senator Casey.

**OPENING STATEMENT OF HON. ROBERT P. CASEY, JR., A U.S.  
SENATOR FROM PENNSYLVANIA**

**Senator Casey.** Thank you, very much.

I first of all want to thank Senator Schumer for allowing us to have hearings like this, and for Senator Klobuchar to act as the Chair of this hearing.

I am struck by a number of things, not just how important this issue is, but this is kind of inside baseball—I thought it would take Senator Klobuchar at least a year to become a committee Chair.

[Laughter.]

**Senator Casey.** Most Senators in Washington, it takes 25 or 30 years—

**Senator Klobuchar.** All right—

**Senator Casey.** But she did it in 5 months.

**Senator Klobuchar.** It is one hearing.

[Laughter.]

**Senator Casey.** She is always ahead of the rest of us. But seriously, though, we are truly honored to be part of this.

With the Chairman and Chairwoman's consent, I will submit my full statement for the record, without objection.

I did want to note a couple of things, because we want to get to questions. One is, the significance of this issue for a State like Pennsylvania. Our State is second only to Florida in the percent over 65. We have approaching 16 percent over 65. But the fastest growing segment of our population, not just our over-65 population, but the entire State, the fastest growing segment is 85-and-up.

So this issue is going to become more and more of a challenge for our State, not to mention the States of Minnesota, New York, and so many others represented here today, California and others.

So it is a tremendous demographic reality that we face. But also I think we all understand the human dimension to this. We describe it as the sandwich generation, and we all understand this, we just are not sure how to deal with it sometimes.

But the confluence, or really the conflict between all of the emotion that is tied up in caring for an elderly relative, especially a parent, bumping up against the obligation people have to their workplace, to their children, and to their more immediate family, so to speak. So it is a tremendous human and—as others have pointed out in their testimony—emotional drain on people, not to mention the financial drain that you have all highlighted.

I think that for me this issue, the solution, I guess, or one of the solutions to this issue is the caregiver programs that we have talked about, and now we have at the Federal level.

Some of that started in Pennsylvania when my father was serving as Governor. He created, I think, the first, or one of the first family caregiver support programs. His Secretary of Aging, Dr. Linda Rhodes, was a real pioneer in this area. So I was thinking of her today and him when they did this then or more like 15 years ago, almost 20 years ago, just the littlest thing of providing a benefit, or I should say providing an opportunity for someone to have some free time after laboring under the burden of caregiving.

So it is critically important. It is not just another hearing; this is an issue that touches so many lives in America, and you know the numbers better than I do, the millions and millions that are—tens of millions affected by this.

So we are grateful for this opportunity, and I want to thank Senator Klobuchar for giving us this opportunity to really focus on this issue.

Thank you.

[The prepared statement of Senator Casey appears in the Submissions for the Record on page 28.]

**Senator Klobuchar.** Thank you very much.

I have a few questions and, Senator Casey, if you have some, too—

**Senator Casey.** Sure.

**Senator Klobuchar** [continuing]. That would be great.

First, Ms. Morris, you talked in your testimony about how complicated the system can be for families to navigate as they look for elder care. This is a complaint I have heard all over my State.

Do you have any ideas for us as Federal policy makers of how we can make this simpler for people?

**Ms. Morris.** It is so complicated. I have actually been involved in this subject since 1991 and I was helping someone just this week locate services in our area, and I could not even begin to do it. And I am the expert.

I think coordinating services through the Area Agencies on Aging is critical. Some of them are very good at it, but there are many of them that you call and they do not even know about what exists, and what services and programs are.

Having one phone number that takes you to one place that represents your neighborhood that can tell you about all the programs in that neighborhood, financial and care and day care and, you know, all the services, would be a huge step.

I do not know if it is just a matter of training those people better to know what those services are—and it is hard, because they are changing. Fortunately, there are a lot of new services out there, and new programs. If those people were better trained to guide you, and if that was accessible on the Internet—which more and more people, and even the elderly, are using—so that you can just go to Sag Harbor, New York, and see: Oh, here are all the services. Here are the programs. Here is the support. One place, rather than having to go to 15 would be extremely helpful.

**Senator Klobuchar.** It sounds like Mr. Weisberg is doing it on a company basis, which I think is a very good idea. But the other thing you would like to see, as you pointed out, is some models for counties, or areas of the country where they are making that publicly available.

Maybe, Ms. Wilcox, you would want to comment about that.

**Ms. Wilcox.** Yes. In Minnesota we have the Senior Linkage Line, which is a pretty good vehicle for just getting information. But my concern is that some caregivers do very well with just information, but there are a lot of caregivers frankly who do not even know what questions to ask.

I think there needs to be some deeper drilling down and some assistance by professionals with assessment of the situation and help for caregivers to really navigate and figure out what are the things that they need before they even go out and look.

In Minnesota I know that we are starting to talk about caregiver resource centers that are more regional. I think there is some discussion about whether those resources should be State-funded, whether there would be Federal dollars coming through, whether they are the Area Agencies on Aging, or whether they are grants to private nonprofit organizations to fill that kind of role, but I think there is a common consensus that there is some need to have some sort of more indepth resources for caregivers.

**Ms. Morris.** Can I make one other comment?

**Senator Klobuchar.** Ms. Morris.

**Ms. Morris.** You bring something up that is very important. Many caregivers do not identify themselves as a “caregiver.” When they try to do studies, people think, “Well, I am just taking care of Mom. I am being me. I am a daughter. It is not that I have a title.” It does not occur to them that there are programs out there.

I think there are some new services and new States looking at the idea of having doctors, who are really in the position to see the elderly and to see other family members, to say, “Do you have an elderly parent? Are you caring for them? Do you know that there are services?” This starts them on that path.

What I have found is, if people get in touch with services way before they need them or, when they need them, but do not think they need them, they will do much better. Most caregivers end up at the door of a day care center, completely frazzled, barely functional.

It has been a long road by the time they have gotten to that place. If we could get them into these programs sooner and give them support sooner, they would last much longer.

**Senator Klobuchar.** Thank you. Dr. Johnson, you have talked about how about 10 percent—I think that is where I got that figure—of elderly adults have private long-term care insurance, including about 7 percent of the frail elderly living at home.

You talked in at least your written testimony about how the high premiums account for part of why we are seeing less people on this kind of insurance.

What kind of things do you think need to be done to address this issue, and to extend the availability of long-term care?

**Dr. Johnson.** I think there is a real question about how well the private market can respond to this issue. Can private long-term care insurance really ever be the answer to this?

And I guess I am somewhat skeptical. Part of the reason is that long-term care insurance works best when people buy it at a very young age. That is when the premiums are low. So if you start when you are 40, and then you make payments all your life until you die, or until you really start needing long-term care, then you can build up this reserve basically that can cover your future long-term care costs.

The problem is that a lot of people in their forties, and even their fifties, really are not thinking that they are ever going to need long-term care. I think it is really hard to kind of get over that initial reluctance to, when you are young, to confront the issue that you are going to need long-term care insurance.

And then there is the issue of, well, if you start, if you actually do purchase it in your forties, and then you let the policy lapse, it really does you no good at all. So it makes a rather unique kind of financial instrument.

Unlike regular insurance where you buy it today, there is a good possibility you will end up benefitting from it today or tomorrow or in the near future, with long-term care insurance that is really very different.

And another concern with long-term care insurance is the cost of living escalators, and exactly how that works. Most of these plans work in that you're buying a certain daily benefit for some time in the future.

So let's say you are buying a \$150 daily benefit, and then you can buy a policy where that benefit will grow let's say by 5 percent a year. But then you have to make a decision, well, do you want it to grow at a simple 5 percent? Do you want to compound at 5 percent?

So the individual is the one who has to forecast the future growth of long-term care costs, and that is really hard. So if you are in this plan that maybe has a 5, or a 3 percent inflation protection, but the costs actually increase by 7 percent over 30 years, that really reduces the real benefit of the protection you have and can really erode—can really I think make the policy less than ideal.

**Senator Klobuchar.** Thank you. I am going to let Senator Casey ask a few questions, because we may have to go vote soon and I want to give him that opportunity, although I have many more to ask.

Senator Casey.

**Senator Casey.** Thank you, Senator.

One question I wanted to ask the whole panel, and we appreciate the expertise that you bring to this, is a really basic question, part of which or maybe most of which you have covered in your opening—I was at a Banking Committee hearing and had to vote, so I missed half of the testimony—but it is fundamentally this:

We are talking about this as a challenge, and a lot of you have proposed ideas about how to solve it or begin to move in the right direction. What is the current state of Federal policy in terms of what the Federal Government is doing now?

I guess I would ask a three-part question:

What are we doing now in the Federal Government?

How is it working?

And if the answer to number two is “not well,” then what do we need to do next?

I just want to get kind of an overall sense of the Federal strategy right now. Anyone can start. Doctor, if you want to—

**Dr. Johnson.** Sure. Basically at the Federal level there are three primary initiatives. One is the Family and Medical Leave Act, which simply requires employers to provide unpaid leave to caregivers.

**Senator Casey.** Right.

**Dr. Johnson.** Basically there are two limitations. One is that it is unpaid leave. So most caregivers just cannot afford to stop working.

And the other thing is, it does not cover all employees, it only covers those working for firms with more than 50 employees, and it only covers people who have worked for a full year.

The other initiative of course is Medicaid is important. The focus there is on the care recipient, not the caregiver, but by providing paid services to the care recipient that certainly helps the caregiver a lot. There of course it is only to very low income people, and a lot of people really just fall through that safety net.

And then we have the National Family Caregiver Support Program. This provides monies to the States to provide the respite care, to provide information and counseling and training to caregivers. I think the evidence there is that the program has worked pretty well. It was started in 2000, and with the introduction of this plan, you did see 18 States that really had no types of services at all create these services.

Now these services exist in all the States. I think the problem there is that the program is really only funded at about \$150 million a year. It is really a tiny program. And it is something that I would think could be expanded and could have a big impact.

What I think is nice about that plan is that it gives the monies to the States and to localities and lets them tell of the programs that they think work the best.

I do not need to remind you of the fiscal pressures that the Federal Government is under, but I do think this is something that could actually in the long run save money by keeping people out of expensive nursing homes. So this is maybe one program—I mean, a lot of people claim that this program is worth investing in and is going to save money in the long run, but I think this is

something that would not be as expensive as the actual dollars that are paid out.

**Senator Klobuchar.** To follow up, Dr. Johnson, some examples from some States might be helpful to prove that point. I think intuitively you are completely correct, in saying that if we can provide this information, people can stay in their homes longer by having assistance with grocery shopping or whatever they need, instead of going to a nursing home. It is going to be better off for families and for taxpayers.

I think showing that kind of information, which I am sure is very hard to calculate, would be very helpful to put a cost/benefit on it so we could take that and notch it up some.

**Dr. Johnson.** Right.

**Senator Casey.** You are basically talking about three programs, so to speak: Family and Medical Leave, Medicaid, but the one that has the most direct impact on this program in terms of focusing on the challenge itself is the Care Givers Support Program. Am I right?

**Dr. Johnson.** Yes. In my opinion, yes.

**Senator Casey.** And I realize that that is underfunded. We have the same problem in Pennsylvania, a great program that started out I guess 15 years ago is getting progressively more money, but never enough.

Maybe you have already done this, and maybe others have done this, but if you are able to—if you cannot do it now, if you could supplement the record later—in terms of a concrete proposal as to funding.

Sometimes when you have a program that is small that people want to expand, the Washington terminology is “bring it to scale.” That sometimes sends people running for the hills because you get pretty scared about big numbers, but I certainly—and I am sure Senator Klobuchar wants to figure out a way to get this program expanded, but we need some guidance about how to do that in terms of what the need is. But I think it is critically important.

I do not know if the other three witnesses want to weigh in on that question before I—

**Ms. Wilcox.** Leni Wilcox. One other thing that our Care Coordinators talk about is that within the family caregiver support program there—there is some inflexibility in the service categories.

I think they would like to see the design become a little more flexible. One of the things that they talked about was the fact that there is a growing opportunity for technology, things like cameras, and cell phones, and things that really can aid caregivers, but they are not services that are currently covered under that program.

So there may be some thought about just more flexibility.

**Senator Casey.** That’s great.

**Mr. Weisberg.** On flexibility, I would just add one more point. One way to look at this is, what do you do to help the caregivers? The other way to look at this is: How do you keep people productive longer so that they’re either supporting their elderly, or being independent themselves longer?

One thing that we would like to see happen is that there is a lack of flexibility around pension legislation, in that if somebody wants to start drawing on their pension from General Mills and at

the same time work, what they need to do is terminate from General Mills and go work somewhere else.

Ironically, if they want to work part-time for us, they cannot start drawing on their pension on a partial draw-down of the pension.

So I think that some kind of flexibility there would be helpful, because they would likely be making more working for the employer that they earned their pension with, and at the same time we would obviously benefit as an employer, but I think the employee benefits as well.

And as has been stated already, many of the caregivers are working part-time anyway. So if we can keep people working into their late sixties, seventies, or even longer, I think that would be helpful.

**Senator Casey.** I will try to come back, but I want to stay within my time.

**Senator Klobuchar.** Does anyone else want to comment?

**Ms. Morris.** I was just going to say, on the flexibility issue and the National Family Care Givers Support Program, some of the initiatives some of the States are undertaking have consumer-directed programs where, instead of, "OK you get this care from this agency at this time," families get some sort of voucher system and they can use that to hire a family member, or their own choice of caregiver, or they can use it for respite: They have an option of how this money will best serve them.

I have been reading some of the early reports on that, and it is actually turning out to be very successful. Care givers are much more satisfied, without spending more, but just giving them options of how to use those funds. And I think Pennsylvania may even have one of these and has been a forerunner on this front.

**Senator Casey.** Right.

**Ms. Morris.** I actually have a report from several groups that goes through some of these programs, which I can submit afterward.

**Senator Klobuchar.** OK.

**Senator Casey.** That would be great. Thank you.

**Ms. Morris.** I found it very interesting. \*\*

[The report entitled, "Ahead of the Curve: Emerging Trends and Practices in Family Caregiver Support," can be found at [http://www.aarp.org/research/longtermcare/resources/2006\\_09\\_caregiver.html](http://www.aarp.org/research/longtermcare/resources/2006_09_caregiver.html)]

**Senator Klobuchar.** Mr. Weisberg, you talked about how General Mills made this decision to go beyond the Family Medical Leave Act with your employees. Could you talk a little bit about how you made that decision with the cost/benefits? That might be helpful for other businesses as they look at this.

**Mr. Weisberg.** I think what we step back and looked at is people were going to leave anyway, and oftentimes the costs, the tax that you face as an employer is through turnover. Our annual turnover is right around 6 or 7 percent, but they estimate that it is about 2 to 3 months worth of someone's base salary if someone leaves the door, or walks through the door and exits the company, in just that time between lost productivity and rehiring somebody.

So in the long run, we think that it makes more sense to provide the support for folks.



The other thing is, as I have stated earlier, we really do try to be kind of a cradle-to-grave employer. If you are going to employ people for the long haul, you know that people are going to have life happen to them.

Good employees are going to figure out solutions. We try to create alternatives to support them so that they can find those alternatives for themselves.

But interestingly enough, when I was preparing for this hearing, I looked into the utilization. And we saw that about 15 to 20 percent of our folks use the EAP, our Employee Assistance Program, and elder care is probably fifth or sixth on the list of the reasons why people reach out.

But as I have heard in the other experts' testimony today, many times when you are dealing with elderly care issues, people just need time and they are trying to solve it themselves.

So what we are trying to do is provide the support so that they can provide that care. And at the same time, we think that the productivity or the return is found in our retention numbers rather than in the costs for the programming.

**Senator Klobuchar.** That makes sense.

Ms. Wilcox, could you just give me some examples of the kind of things that you do? I mean, I saw the work you are doing in the Southern suburbs in Minnesota. Talk a little bit about, for someone who needs different levels of care, and what kind of things you provide?

**Ms. Wilcox.** Well, the Wilder Foundation, actually we provide the respite through our Day Care Programs as well. I think there are many components to providing this kind of care, but Eldercare Partners actually does provide this indepth caregiver coaching, which is really a meeting with the caregiver. This is a service that is offered free, but we do have a sliding fee scale for the caregiver. We are able to do that through our funding.

We have a combination of funding both from the Family Care Giver Support Program but also we do supplement with Foundation funding, and with funding from communities, and this sort of thing.

The Caregiver Coaches meet with the caregiver and the family. It could be more than one. It could be a family dynamic. They do an indepth assessment of the needs of the caregiver.

They take a lot of things into consideration. They work with the caregiver to develop a longitudinal plan, and really work through teaching them about the service system so that they actually can be the navigator.

Our idea is not to do it for them, but for them to do it for themselves. And really to help be there as a support system for that person.

There are a number of circumstances where we do have issues that require family mediation which involves family meetings, and bringing family members together to deal with difficult decisions. That generally brings people to the same page. And then we follow that caregiver over time so that they really have the confidence as things change to do that proactive planning that you talked about, to anticipate.

So that is the essence of what we do.

**Senator Klobuchar.** Very good. Ms. Morris, Mr. Weisberg used his example of his father living in California; you have talked about the further challenge of Americans becoming increasingly geographically dispersed. Could you expand on how this trend is affecting the manner in which people are trying to take care of their parents and the struggles that they face?

**Ms. Morris.** Well, in so many obvious ways because you cannot just check in on Mom, or you do not even know what is going on with her.

I have heard dozens of stories, as I am sure everyone on this panel has, of people who went home for Christmas and found their parent under-fed, and poorly clothed, and living in a horrible situation. And they had no idea, just with their phone calls, of what was going on.

It is particularly difficult because people not only live far away, but they are working. And so when there is a call from the hospital, you cannot just be there. And again, there are fragmented services. I am sure with your program it is not just what is located locally, but your employees need to know what is going on in Florida, and what is going on in Texas.

So again, it would be great if there were—and there is a system—but if there were a little bit better-working system where you could call the Area Agency on Aging in your parents' community—in Houston when you are in New York—and ask about the services, and be in touch with somebody who really can navigate that area, because you are so far away. You are really dependent on strangers to take care of your parent from a very long distance.

I think that just adds to the frustrations, and the grief, and the distractions in trying to get your life together. But also you are taking more time away from work. It is not just, "I will leave at 3:00." It is, "I am gone for four days."

**Senator Klobuchar.** I also think for the rural areas, in our State for instance, where you tend to have an older population. Maybe their kids are in the same State, but they are moving 3, 4, 5 hours away, I imagine that this is going to be part of the problem, too.

**Ms. Morris.** Well, in rural areas, in general, they just do not have the same kinds of services. Living in one myself and trying to help people locally, it is very difficult.

And again, one thing I have heard is that these consumer-directed programs are very good in rural areas where there aren't services and it gives them so much more flexibility in getting help.

**Senator Klobuchar.** Does anyone want to add to that?

[No response.]

**Senator Klobuchar.** Well, I want to thank everyone. If you have any closing comments or things that we have asked about that have triggered ideas, you are welcome to do that. We have not heard the buzzer go off yet for the vote.

All right, well thank you so much. I am sure this is the beginning of many hearings. I think you saw the interest of my colleagues on this issue. I know Senator Mikulski, who heads up a committee that focuses on aging issues, is very interested in this, and we are going to continue to work together on solutions. I think of this as a beginning.

Thank you very much.

**Ms. Morris.** Thank you very much.

**Senator Klobuchar.** Now that they have all been commenting about this, I will have to end the hearing. The hearing is adjourned. Thank you.

[Whereupon, at 10:40 a.m., the hearing was adjourned.]



## **Submissions for the Record**

---

---



**JOINT ECONOMIC COMMITTEE**  
 SENATOR CHARLES E. SCHUMER, CHAIRMAN  
 REPRESENTATIVE CAROLYN B. MALONEY, VICE CHAIR



PREPARED STATEMENT OF SENATOR CHARLES E. SCHUMER, CHAIRMAN

I want to thank my colleague, Senator Amy Klobuchar, for taking the initiative to hold what we believe to be the *first hearing dedicated to the issue of eldercare*, its impact on the personal finances of middle-class families and productivity of our nation's businesses.

We should all recognize that a growing number of American families are going through a challenging role reversal—obligated to take care of the parents who once cared for them.

And this obligation is coming at a time when middle-class families are walking a tightrope between balancing work and taking care of their own children, while struggling to save for their own retirements.

The statistics are alarming, and will swell dramatically as our population ages: Today, about 10 million older Americans require some type of in-home care.

By 2022, that is, in just 15 years, it's expected that the demand for long-term care will have increased by 30 percent. And by 2050, the need for long-term care will have doubled.

Overwhelmingly, the vast majority of aging Americans turn to friends and family for help. *Help that costs them over \$100 billion each year and growing*—more than Medicaid, and almost 2½ times more than Medicare. That's a staggering number.

This situation is only going to get worse. Even as the need for care explodes, the supply of professional long-term care providers won't come close to keeping up. Because baby boomers have had fewer children than previous generations, the overall labor force relative to the elderly population will shrink, making it even more difficult than it is today to attract and retain nursing aides and other long-term care workers.

Families have always cared for the elderly. But as middle-class families are finding it more and more difficult to afford the rising costs of child care, health care, college and gas prices, the time and financial demands of caring for elderly family members can force a difficult decision.

It's estimated that the average caregiver loses more than *\$650,000 in lifetime earnings and retirement savings* as a direct result of their caregiving responsibilities. *\$650,000!*

This price tag means that more and more families are being forced to choose between sacrificing either their own financial security or the comfort and care of their elderly loved ones. That is a decision that no one should have to make.

The financial impact of informal elder caregiving doesn't stop with the caregivers, but also matters for the economy as a whole. Over one-third of all workers provide informal eldercare, another number that will only grow in the coming decades. To take care of their parents and grandparents, American workers end up curtailing their work hours, conducting care activities at work, taking unpaid leave, and making other adjustments to accommodate their caregiving responsibilities.

*The lost productivity to U.S. business amounts to over \$33 billion annually.* We can't afford to take this hit to our productivity at a time when our economic growth is slowing, with more obstacles to come from an increasingly competitive global economy.

The helpers need our help. Without it, more and more families will be unable to shoulder the burdens of caregiving. I am looking forward to learning from our witnesses today how we can best ease the strain on families being "sandwiched" by the competing demands of taking care of their parents and their children.

PREPARED STATEMENT OF SENATOR AMY KLOBUCHAR

I want to thank Chairman Schumer and Vice-Chairwoman Maloney for graciously giving me the opportunity to call this hearing examining the economic impact caring for our nation's elderly has on American families and businesses.

As I travel throughout my state, I often hear from middle-class families squeezed by the burden of rising health care costs, rising child care costs and rising college tuition costs—struggling to do right by their families.

And, increasingly, I hear from families trying to cope with the financial, social and emotional burdens of caring for aging or frail family members—often, while they are still caring for their own children.

We want to care for and do what's best for our loved ones. But modern economic realities make it very hard for so many of our families.

In many respects, this is a success story for our society—so many of our seniors are able to enjoy long and fulfilling lives. According to the Centers for Disease Control, a baby born today is expected to live well into her 80s—almost 35 years longer than a baby born at the turn of the 20th Century.

But as Americans are living longer, their needs for support are growing exponentially. *Today, almost 10 million Americans—or more than one third of the nation's elderly population—need some form of long-term care.*

While nursing homes and paid care provide supports to our elderly in some situations, *the vast majority of elder care comes from informal caregivers—more than half of whom are adult children taking care of their parents.*

Today, our adult daughters and sons are increasingly responsible for helping their parents with tasks ranging from the mundane—like shopping for groceries and helping with chores around the house—to the more intensive—like managing personal finances and helping to make major health care decisions.

*And while our adult children want to provide this type of care to their parents, they are increasingly feeling overwhelmed.*

- *They are stressed for time.* Care givers today must often struggle to balance the competing demands of caring for their parents, while meeting their work responsibilities and raising children of their own.

- *They are emotionally and physically exhausted.* Care giving is not an easy job. It is not predictable, and it doesn't get easier with time. In fact, it often gets much harder as time passes. In many situations, caregivers know that their loved ones are not likely to live much longer.

- *They are frustrated with our fragmented, costly, and confusing system of services.* Repeatedly, caregivers have told me that don't know how to get support, where to turn to help, or even the types of services that are available. And their frustration is compounded by the fact that care-giving decisions are frequently made in the middle of a crisis.

- *They are also faced with the financial challenges of caring for their aging parents.* Almost two-thirds of adult children who care for their parents work, and many report that to meet their care giving obligations they need to take time off, cut back on hours, or turn down opportunities for training or promotion. They do this at the same time they are trying to make ends meet, save for their own retirement, and put their children through college. It is therefore not surprising that as more families are caring for elderly relatives in their later years, more need help with the costs of that care.

To help ease the burdens of caregivers, our public policies, our business practices and our family customs need to keep pace with changing demographic realities where care giving responsibilities take on ever increasing importance.

So, one of the things I have proposed is a Federal elder care tax credit to help defray some of the costs that families incur as they care for an aging or ailing family member. I was pleased to join with many of my colleagues on this committee to introduce the Middle Class Opportunity Act, which among other things, expands the dependent care tax credit to cover expenses incurred by families as they care for an aging parent.

It's a modest proposal, given the magnitude of the burden. But it's a start—and it recognizes this ever-growing reality that must be a priority for our society and our government.

I think that there is more that we can do to provide relief to caregivers. As we shine a spot light on this issue, which in my opinion, has received far too little attention so far, I am hopeful that we can explore policy options that can help ease the many burdens faced by caregivers. In particular, there are three areas I think we should explore:

- First, how we can provide more financial relief to elder caregivers;
- Second, what options are available to us to expand support services for caregivers and how can we make caregivers aware of these services; and
- Third, how can we help caregivers plan for their own long term care needs?

I am pleased to have such a distinguished panel before us today who can help us explore how we can address these goals, and how together we can move forward to help bring some relief to the backbone of our care giving system—American families.

But before I introduce our panelists, let me first turn to our Vice Chair to allow her, and then other members, a chance to provide brief statements.

---

PREPARED STATEMENT OF SENATOR ROBERT P. CASEY, JR.

JEC Hearing “Are the Explosive Costs of Elder Care Hurting Family Finances and Business Competition?”

Thank you Senator Klobuchar for your great work on the issue of the economic impact of elder care, an issue we are just starting to explore and I think we will learn a great deal here this morning from this excellent panel of witnesses.

The so-called sandwich generation, those who care for parents and children simultaneously, are indeed under a lot of pressure as more and more of our older citizens remain at home and rely upon their adult children for care.

The data shows that over 85 percent of our elderly population lives at home. And about one third of these folks need care for such daily activities as bathing, eating, household chores, grocery shopping, cooking and managing finances. In my State of Pennsylvania, we have about 1.9 million older citizens. Of these, approximately 1.6 million live at home and roughly 627,000 need help on a daily basis.

The numbers are growing as our baby boomer population ages. In 2002, 35 percent of all workers reported providing informal care to a relative or in-law 65 or older. Just 6 years earlier, in 1996, only 25 percent of workers were caring for an aging relative.

I have no doubt that most caregivers are very willing to care their parents or relatives. But the fact remains that there are some serious economic consequences that we need to address. Most adult children who care for their parents work and over half work full-time. Most of these folks report losing out on promotions or other job development opportunities and also losing benefits such as contributions to employee retirement accounts and even health insurance. One study of all family caregivers found that caregivers lost a lifetime estimated average of \$659,000 in wage and pension wealth.

There are other broader consequences as well. Without some kind of physical and financial support, caregivers may be forced to cut back on their work hours, or alternatively, they may have no choice but to consider nursing homes or other institutional alternatives. Reliance on public programs for these older folks may increase and inevitably, their quality of life may suffer.

I am very interested in looking into our options for helping the sandwich generation get some support in juggling these sometimes overwhelming responsibilities. Tax credits for caregivers is a policy remedy I think we need to seriously consider. I also think that expanding the availability of current support services, such as those offered through the National Family Caregiver Support Program is a promising options. And of course, one thing we need to do as soon as possible is organize greater public awareness to caregivers about the kinds of services and supports that are available to them in communities.

Caring for our older citizens is a top priority for me. But to truly care for them, we have to be sure that their caregivers have the support they need to handle the multiple responsibilities they have. I look forward to hearing from our experts on how we can best do that.

---

PREPARED STATEMENT OF REPRESENTATIVE CAROLYN B. MALONEY, VICE CHAIR

Thank you, Chairman Schumer. I want to thank Senator Klobuchar and her staff for working with the JEC in putting together this hearing on the very important topic of elder care.

Many families find themselves facing the dual challenges of raising their children and caring for their aging parents, while also working. We call them the “sandwich generation” because they are caught between the competing claims on their time, financial resources and emotions.

Most of the elderly in our country live at home and rely on family for help with the daily activities that many of us take for granted—bathing, dressing, eating, doing laundry, and washing dishes. Adult children, particularly women, provide most of the unpaid care for their elderly parents. It is not always easy to watch your parents age, but many adult children provide this essential care so that their parents may grow old with dignity in familiar surroundings.

The majority of these daughters work full-time, but many report taking time out of the work force, cutting back on hours, and losing or turning down opportunities for training or promotion because of their care giving responsibilities. As Dr. Johnson points out in his testimony, last year women caregivers forfeited about \$8,600



in compensation per year, on average, due to reduced work hours. Clearly, unpaid care giving has an impact on women's economic security and their ability to save for their children's education and their own retirement.

The lack of flexible work schedules can also be hard on caregivers. More and more businesses are finding that, as Mr. Weisberg will tell us, in the so-called "war for talent" employers must adjust to the care giving needs of workers in order to attract and retain the skilled labor force that allows them to remain competitive in an increasingly global marketplace. Doing right by families can also improve companies' bottom lines, such as lowering turnover rates of trained workers and absenteeism.

Encouraging employers to do more to accommodate their workers' family care giving responsibilities is essential. But Congress must also examine ways to expand paid family and medical leave.

Finally, family members must navigate a complex maze of medical, financial, insurance, and legal issues, so the one-stop shopping approach to care coordination that Ms. Wilcox's organization provides is an interesting model for us to study.

The sandwich generation will only grow as the baby boomers age, so we must confront the challenges of elder care now.

Mr. Chairman, Senator Klobuchar, thank you for holding this important hearing and I look forward to the testimony of our witnesses.

---

PREPARED STATEMENT OF RICHARD W. JOHNSON, PRINCIPAL RESEARCH ASSOCIATE,  
THE URBAN INSTITUTE

The views expressed are those of the author and should not be attributed to the Urban Institute, its trustees, or its funders.

Madame Chairwoman and members of the committee, thank you for the opportunity to testify today about the financial challenges confronting family caregivers.

Many Americans provide crucial support to their frail older parents. Despite recent health improvements beyond age 65 (Manton, Gu, and Lamb 2006), most people continue to develop disabilities as they grow older and eventually require assistance with the basic tasks of everyday life. Spouses and adult children usually provide this help. Working without pay and often putting in long hours over many months or years, family caregivers significantly improve the quality of life for many frail older adults. The help they provide often keeps older people out of expensive nursing facilities and in their own homes, which most prefer. Informal family caregivers also save the public billions of dollars every year by reducing nursing home admissions and limiting the use of paid home care. Yet care responsibilities often impose serious burdens on caregivers, especially those balancing elder care duties with paid employment and care of their own children. These pressures will likely intensify as the population ages in coming decades. Although awareness of these strains is growing, we still have few public policies in place to support family caregivers.

In my testimony today, I would like to make the following points:

- Frail older adults are among the most vulnerable groups in the nation;
- Informal care provides crucial support to frail older Americans;
- Adult children provide much of the unpaid care frail elders receive;
- Elder care responsibilities often create financial hardship for caregivers;
- Care burdens will likely grow in the future as the population ages; and
- Family caregivers need better support.

FRAIL OLDER ADULTS ARE AMONG THE MOST VULNERABLE GROUPS IN THE NATION

About 10 million Americans ages 65 and older, representing about 29 percent of the older population, need help today with basic personal activities or household chores and errands.<sup>1</sup> About 2 million older people living at home, or 6 percent of

---

<sup>1</sup>Except where otherwise noted, the figures cited in this section and the following one are drawn from Johnson and Wiener (2006). These estimates were based on data from the 2002 Health and Retirement Study, a nationally representative survey of older Americans conducted by the University of Michigan for the National Institute on Aging. The study classified respondents as disabled if they reported any difficulty because of health or memory problems with at least one activity of daily living (ADL) or instrumental activity of daily living (IADL). ADLs reported in the survey consisted of bathing, getting in and out of bed, eating, dressing, walking across the room, and using the toilet. IADLs consisted of shopping for groceries, preparing hot meals, using the telephone, taking medications, and managing money. Respondents were not considered disabled if they expected their limitations to last no more than 3 months. The study also classified all older nursing home residents as being disabled.

the older population living outside of nursing facilities, are severely disabled, requiring assistance with three or more activities of everyday life, such as bathing, eating, dressing, or getting in and out of bed. These numbers will rise in the future as the population ages.

Frail older adults are among the most vulnerable groups in the nation. Disproportionately female, widowed, and in their 80s and 90s, most older people with disabilities have little education and limited financial resources. For example, median household income in 2001 totaled \$30,264 among those with no disabilities, \$18,480 among those with moderate disabilities, and \$14,160 among those with severe disabilities. Severely disabled older adults are nearly four times as likely to live in poverty as older adults with no disabilities. Frail older people hold little wealth, and most of what they have is tied up in their homes. In 2002, median household wealth among those with severe disabilities totaled only about \$47,900, nearly three-fourths of which represented the value of their homes net of outstanding mortgage debt. Household financial assets, which can generally be liquidated easily to meet long-term care and other needs, amounted to only about \$7,800 for the median older adult with severe disabilities. So less than one-half of older people with severe disabilities have more than a few thousand dollars that they can easily draw on to meet their health care needs.

Besides physical limitations, many frail older adults have mental health problems and cognitive impairments. About 31 percent of older people with any disabilities and 45 percent of those with severe disabilities report depressive symptoms. Additionally, about 15 percent of frail older people are cognitively impaired. Cognitive impairments and depression and other psychological problems often limit physical functioning and intensify long-term care needs and caregiver burdens (Ormel et al. 2002; Ory et al. 1999).

#### INFORMAL CARE PROVIDES CRUCIAL SUPPORT TO FRAIL OLDER AMERICANS

Most frail older adults live at home, not in nursing facilities, and rely on unpaid help from family and friends. Only about 1.4 million older adults resided in nursing homes in 2002 (Spillman and Black 2005), representing less than one-seventh of the frail older population. About 57 percent of frail older adults living at home received help from unpaid caregivers, including about 81 percent of those with severe disabilities.

Paid help with basic personal care and household chores is rare. About 14 percent of all frail older adults living outside of nursing homes received paid home care in 2002, generally in combination with unpaid help from family and friends. Only 4 percent of frail older people living at home relied solely on paid helpers, without any unpaid supplemental help from family or friends. Nearly three-quarters of frail older recipients of paid home care services also obtained unpaid care from family and friends. About 82 percent of all the assistance with basic personal activities and household chores received by frail older adults comes from unpaid helpers.

Frail older people rely heavily on informal care largely because paid services are expensive. In 2006, the average hourly rate for home health aides was \$19 (MetLife Mature Market Institute 2006). For people who receive 60 hours of paid care each month—the median amount among recipients—costs average about \$13,700. Private long-term care insurance can help defray some out-of-pocket costs, but coverage rates are low. In 2002, only about 10 percent of adults ages 65 and older had private coverage, including only about 7 percent of those with disabilities living at home. High premiums partly account for low coverage rates. Average annual premiums for a policy purchased at age 65, for example, stood at \$2,346 in 2002 (America's Health Insurance Plans 2004). Medicaid coverage, available to people with limited financial resources, also reduces the out-of-pocket price for paid home care, but only about one in six frail older adults living at home had coverage in 2002, though many had little income and few assets.

#### ADULT CHILDREN PROVIDE MUCH OF THE UNPAID CARE FRAIL ELDERS RECEIVE

About 34 million adults provided care in 2004 to frail Americans ages 50 and older, representing about 16 percent of the adult population (National Alliance for Caregiving and AARP 2004).<sup>2</sup> Although the number of men providing care has in-

Other surveys generate somewhat lower estimates of old-age disability rates. For example, data from the National Long-Term Care Survey, conducted by Duke University for the National Institute on Aging, show that only 19 percent of older adults were disabled in 2004 (Manton, Lamb, and Gu 2006).

<sup>2</sup> Another 10.6 million adults, or 5 percent of the adult population, provided care to disabled adults ages 18 to 49 (National Alliance for Caregiving and AARP 2004).

creased in recent years (Spillman and Pezzin 2000), women still make up the majority of caregivers. For example, 64 percent of primary caregivers in a recent survey were women (Donelan et al. 2002). And women devote about 50 percent more time to care activities than men (U.S. Department of Health and Human Services 1998). Most people caring for adults are middle-aged, although about one in eight is age 65 or older (National Alliance for Caregiving and AARP 2004).

Adult children, primarily daughters, provide much of the care received by frail older adults, especially those not married. Daughters and daughters-in-law account for about 36 percent of unpaid caregivers to all frail older Americans (Johnson and Wiener 2006). Sons and sons-in-law account for another 16 percent of unpaid caregivers. Slightly more than one-half of unpaid caregivers, then, are the children or children-in-law of the care recipient. (Spouses account for about 28 percent of caregivers.)

Children play larger caregiver roles when their parent is widowed and unable to rely on help from a spouse. Nearly three-quarters of unmarried older care recipients receive help from their children, with almost one-half receiving help from daughters and almost one-quarter receiving help from sons. Daughters serve as primary helpers with basic personal care for about two-thirds of unmarried older care recipients.

Care responsibilities are generally quite time-consuming. On average, daughters who help their frail older parents provide about 134 hours of care each month (Johnson and Wiener 2006). Daughters who serve as primary caregivers with basic personal care devote about twice as many hours—266 on average—to their parents. Caregiver responsibilities typically last about 4 years (National Alliance for Caregiving and AARP 2004).

The benefits of unpaid family care to older Americans are substantial. These activities enhance the lives of millions of frail adults and permit many to live in their own homes instead of in nursing homes. In fact, frail older adults who receive frequent help from their children with basic personal care are about 60 percent less likely to enter nursing homes over a 2-year period than those who receive less help (Lo Sasso and Johnson 2002). If the adult sons and daughters who provide unpaid help to their frail older parents were paid the average hourly wage nursing aides receive for each hour of help, the cost in 2005 would total about \$45.9 billion.<sup>3</sup> The value of unpaid help from all family and friends totaled about \$102.7 billion in 2005. (Even if valued at the 2005 minimum wage of \$5.15 per hour, the unpaid help children provide would be worth about \$22.9 billion in 2005, and the assistance all unpaid helpers provide would be worth about \$51.2 billion.) By comparison, national spending for paid long-term care services in 2005 totaled about \$206.6 billion (Komisar and Thompson 2007).

#### ELDER CARE RESPONSIBILITIES OFTEN CREATE FINANCIAL HARDSHIP FOR CAREGIVERS

Many unpaid caregivers to older Americans must balance their care duties with workplace demands and care responsibilities for their immediate families. About 53 percent of people caring for their frail parents are employed full time, and another 10 percent are employed part time (Johnson and Wiener 2006). About 11 percent of children caring for parents are ages 30 to 39 (Johnson and Wiener 2006), a life-course stage when many people are raising young children. Another 68 percent of caregivers are in their 40s and 50s, ages when many people still have dependent children at home. Overall, 37 percent of caregivers had children under age 18 (National Alliance for Caregiving and AARP 2004).

Care responsibilities often interfere with paid employment. About 57 percent of employed caregivers report that they sometimes have to go to work late, leave early, or take time off to attend to their care duties, and 17 percent said they had to take a leave of absence (National Alliance for Caregiving and AARP 2004). About 4 percent said their care responsibilities forced them to turn down a promotion. Only 23 percent of companies with 100 or more employees have programs to support elder care (Families and Work Institute 1997).

Elder care often takes place from a distance, which can make it more burdensome. Less than one-third of adult children providing elder care live with their frail parents, and more than one-quarter live more than 10 miles away from their parents (Johnson and Wiener 2006). Many long-distance caregivers live much further from the people they help. In a survey of 1,130 long-distance caregivers, the average distance between caregiver and recipient was about 450 miles (MetLife Mature Market

<sup>3</sup>These estimates are based on the average help hours frail older adults receive, as reported in Johnson and Wiener (2006). The average hourly wage for nursing aides was \$10.33 in 2005 (Bureau of Labor Statistics 2006). The computations exclude the cost of fringe benefits paid to nursing aides.

Institute 2004). Nearly three-fourths of these caregivers were helping with transportation and household activities, such as shopping, cooking, and managing finances, on which they spent an average of about 22 hours per month. More than 4 in 10 had to rearrange their work schedules to accommodate their care responsibilities, and more than one-third reported missing workdays.

In a recent study, Anthony Lo Sasso of the University of Illinois at Chicago and I examined the impact of time spent helping frail older parents on paid employment hours for women ages 55 to 67 (Johnson and Lo Sasso 2006). We found that women who spend time helping their parents, either with basic personal activities or with household chores and errands, cut back their work hours by 367 hours per year. These work-hour reductions translate into average compensation losses of about \$8,600 (\$6,300 in lost wages and \$2,300 in lost benefits) in 2006.<sup>4</sup>

Care responsibilities also take emotional and physical tolls on caregivers. Caregivers exhibit higher levels of depressive symptoms and mental health problems than their peers who do not provide care (Marks, Lambert, and Choi 2002; Pinquart and Sorensen 2003; Schulz et al. 1995). Caregiver depression intensifies as the care recipient's functional status declines. For example, between 30 and 40 percent of dementia caregivers suffer from depression and emotional stress (Alzheimer's Association and National Alliance for Caregiving 2004; Covinsky et al. 2003). Care responsibilities also appear to impair physical health. Caregivers are more likely to develop serious illness than noncaregivers (Shaw et al. 1997) and are less likely to engage in preventive health behaviors (Schulz et al. 1997). Stressed elderly spousal caregivers exhibit higher mortality rates than people of the same age who do not provide care (Schulz and Beach 1999). Caregiver stress also appears to push older people into nursing homes. For example, frail older adults with a highly stressed caregiver are about 12 percentage points more likely to enter a nursing home within 1 year than those with less-stressed caregivers (Spillman and Long 2007).

#### CARE BURDENS WILL LIKELY GROW IN THE FUTURE

Caregiver burdens are likely to increase in coming decades as the baby boomers age and the number of older people with disabilities grows. Between 2000 and 2050 the size of the population ages 65 and older is projected to increase from 35 million to 87 million, while the population ages 85 and older, which has the highest disability rate of any age group, is expected to increase from 4 million to 21 million (U.S. Census Bureau 2004).

The number of older people with long-term care needs depends, of course, on the evolution of old-age disability rates, which is difficult to forecast. There is a growing consensus that limitations in instrumental activities of daily living, such as difficulty performing household chores and errands, and functional limitations, such as difficulty bending, reaching, and stooping, declined during the 1990s (Freedman, Martin, and Schoeni 2002). There is less agreement, however, about recent trends in the more severe type of disability that involves limitations with basic personal care, such as eating, dressing, and bathing. Although one study found that the share of the older population with these types of limitations declined by about 20 percent between 1982 and 2005 (Manton, Gu, and Lamb 2006), other studies have found no significant changes or small increases (Crimmins and Saito 2000; Crimmins, Saito, and Reynolds 1997; Liao et al. 2001; Schoeni, Freedman, and Wallace 2001; Waidmann and Liu 2000).

There is no guarantee, of course, that disability rates will decline in the future, even if they declined in the recent past. Disability associated with the rising prevalence of diabetes and obesity in the younger population might offset future declines in disability rates at older ages (Lakdawalla et al. 2003; Mokdad et al. 2000, 2001). In fact, between 1984 and 2000, disability rates increased at ages 40 to 49 while falling at ages 60 to 69 (Lakdawalla, Bhattacharya, and Goldman 2004). Recent research also found that adults born between 1948 and 1953 reported worse health in 2004, when they were ages 51 to 56, than those born 12 years earlier reported in 1992, when they were the same age (Soldo et al. 2006). Other research, however, found that mortality rates at ages 55 to 74 were lower between 1999 and 2002 than between 1971 and 1975, largely because of lower smoking rates and better control of blood pressure (Cutler, Glaeser, and Rosen 2007).

<sup>4</sup>This estimate assumes that workers receive hourly wages of \$17 (the median value for women in 2006), 60 percent receive employer-sponsored health benefits, and 50 percent participate in 401(k) retirement plans. The estimates also assume that the average monthly employer contribution for health benefits was \$297 for covered workers (Kaiser Family Foundation and Health Research and Educational Trust 2006), and that employers contributed 5 percent of salary to 401(k) plans for covered workers.

Any plausible assumptions about future disability rates imply that the number of frail older Americans and the ratio of frail older adults to people ages 25 to 64 will increase in coming decades. For example, even if we assume that disability rates decline by 1 percent per year between 2000 and 2040—a cumulative drop in the old-age disability rate of about one-third over the period—the total number of older adults with disabilities will increase by about 50 percent (Johnson, Toohey, and Wiener 2007). Moreover, the number of people ages 25 to 64, who generally work and pay taxes that finance government services for people with disabilities, will drop over the period, implying that overall care burdens will likely intensify. Under the more plausible assumption that old-age disability rates will decline by only 10 percent between 2000 and 2040, the number of frail older Americans will more than double over the period.

The growth in the size of the frail older population relative to the younger population, combined with likely employment gains for women, will raise future caregiver burdens. A recent Urban Institute study found that the average educational attainment of frail older Americans' adult daughters will steadily improve over time (Johnson, Toohey, and Wiener 2007), reflecting recent increases in college graduation rates among young women. These educational gains will boost women's average earnings, but will also increase the financial cost of unpaid elder care as women who reduce paid work to provide care in the future will have to forgo higher wages. The Urban Institute study predicted that the share of frail older adults receiving unpaid family care will decline by a few percentage points as the financial costs of elder care grow and as rising old-age incomes make paid home care more affordable. Nonetheless, most older care recipients will continue to rely on unpaid help from their adult children.

#### FAMILY CAREGIVERS NEED BETTER SUPPORT

About two-thirds of caregivers in a recent survey said they needed more help or information (National Alliance for Caregiving and AARP 2004). More than one in three said they needed help finding more time for themselves, and about 3 in 10 said they needed help or information about balancing work and family responsibilities as a caregiver, and managing emotional and physical stress.

Despite the importance of unpaid care to frail older adults, few policies are in place to support family caregivers. The three primary Federal initiatives for caregivers, the Family and Medical Leave Act (FMLA), the National Family Caregiver Support Program, and Medicaid home and community-based services, offer some help, but not enough.

#### *Family and Medical Leave Act (FMLA)*

Enacted in 1993, the FMLA guarantees workers up to 12 weeks of unpaid leave in any 12-month period to care for a newborn child (or newly adopted child); care for an ill child, spouse, or parent; or deal with one's own health problems. However, the law only covers workers in firms with 50 or more employees who have worked for the employer for at least 12 months and at least 1,250 hours that year. As a result, only about 47 percent of private-sector workers qualify for FMLA leave (Waldfogel 2001).

One-sixth of all employees participating in a 2000 survey took leave for family or medical reasons in the 18 months prior to the survey (Waldfogel 2001). Most use leave to deal with their own health problems or to care for a newly born or adopted child. Only 11 percent of leave takers in 2000 used it to care for ill parents, and only 6 percent used it to care for an ill spouse. The loss of pay while not working substantially reduces the use of FMLA leave.

California is the only state with a comprehensive paid family and medical leave insurance program. Funded solely by employee contributions, the program pays workers up to 60 percent of their wages when they take leave to care for newborns, newly adopted children, newly placed foster children, or seriously ill family members or domestic partners. Workers can receive up to 6 weeks of paid leave per year.

Washington Governor Chris Gregoire signed a bill last week establishing a family and medical leave insurance program in her state. It will provide \$250 per week to beneficiaries for up to 5 weeks, but it only covers leave to care for a newborn or newly adopted child. Elder care benefits are not available.

#### *National Family Caregiver Support Program*

The National Family Caregiver Support Program, created in 2000 by the Older Americans Act, provides funds to states to support family caregivers helping older people. It finances the following services:

- Information to caregivers about community services;
- Assistance to caregivers in gaining access to supportive services;

- Individual counseling and training for caregivers;
- Respite care to allow caregivers to receive temporary relief from care obligations; and
- Limited supplemental services, such as emergency response systems and home modifications, to complement the care provided by family caregivers.

The funding provided to states by the National Family Caregiver Support Program has made an important difference for frail older Americans and their caregivers. Before the program began, for example, 18 states and the District of Columbia had no state program funded primarily through state general funds that served family or informal caregivers (Feinberg et al. 2004). Today programs exist in all 50 states and the district. However, inadequate funding levels have limited its impact (Wisendale forthcoming). The president's fiscal year 2008 budget requests only \$154 million for family caregiver support services (Administration on Aging 2007).

#### *Medicaid Home and Community-Based Services*

Medicaid, mainly through its waiver programs, supplies the majority of public funding for home and community-based care. Financed by the Federal Government and the states, these programs focus on the care recipient but indirectly sustain family members in their caregiver roles. They have grown enormously over the past two decades (Reester, Missmar, and Tumlinson 2004). However, services are available only to low-income beneficiaries, generally with incomes at or below 300 percent of the Federal Supplemental Security Income (SSI) level, and funding constraints in some states limit services even for those who qualify.

#### CONCLUSION

The important work of family caregivers deserves more public support. Informal help from family members enriches the lives of millions of frail older Americans and saves the Nation billions of dollars each year in paid home care and nursing home costs. Yet it creates substantial financial, physical, and emotional burdens on caregivers, which will only intensify in coming decades as the population ages. Creating a system of paid leave, as in California, might benefit some caregivers, but a few weeks of paid leave will not help most people engaged in elder care for many months or years. Additional funding for the National Family Caregivers Support Program would likely have more impact by giving local governments the ability to provide more supportive services that family caregivers need.

#### REFERENCES

- Administration on Aging. 2007. "Statement of Josefina G. Carbonell, Assistant Secretary for Aging, on the Release of the fiscal year 2008 Budget Request to Congress." [http://www.aoa.gov/about/legbudg/current\\_budg/legbudg\\_current\\_budg.asp](http://www.aoa.gov/about/legbudg/current_budg/legbudg_current_budg.asp).
- Alzheimer's Association and National Alliance for Caregiving. 2004. *Families Care: Alzheimer's Caregiving in the United States*. Chicago: Alzheimer's Association.
- America's Health Insurance Plans. 2004. "Long-Term Care Insurance in 2002." Washington, DC: America's Health Insurance Plans.
- Bureau of Labor Statistics. 2006. "Occupational Employment and Wages, May 2005." Washington, DC: Bureau of Labor Statistics. <http://www.bls.gov/oes/current/oes311012.htm>.
- Covinsky, Kenneth E., Robert Newcomer, Patrick Fox, Joan Wood, Laura Sands, Kyle Dane, and Kristine Yaffe. 2003. "Patient and Caregiver Characteristics Associated with Depression in Caregivers of Patients with Dementia." *Journal of General Internal Medicine* 18(12): 1006–14.
- Crimmins, Eileen M., and Yasuhiko Saito. 2000. "Change in the Prevalence of Diseases among Older Americans 1984–1994." *Demographic Research* 3(9): 1–20. <http://www.demographic-research.org/volumes/vol3/9/>.
- Crimmins, Eileen M., Yasuhiko Saito, and Sandra L. Reynolds. 1997. "Further Evidence on Recent Trends in the Prevalence and Incidence of Disability among Older Americans from Two Sources: The LSOA and the NHIS." *Journal of Gerontology: Social Sciences* 52B(2): S59–71.
- Cutler, David M., Edward L. Glaeser, and Allison B. Rosen. 2007. "Is the U.S. Population Behaving Healthier?" NBER Working Paper No. 13013. Cambridge, MA: National Bureau of Economic Research.
- Donelan, Karen, Craig A. Hill, Catherine Hoffman, Kimberly Scoles, Penney Hollander Feldman, Carol Levine, and David Gould. 2002. "Challenged to Care: Caregivers in a Changing Health System." *Health Affairs* 21(4): 222–31.
- Families and Work Institute. 1997. "National Study of the Changing Workforce." New York: Families and Work Institute.

- Feinberg, Lynn Friss, Sandra L. Newman, Leslie Gray, and Karen N. Kolb. 2004. "The State of the States in Family Caregiver Support: A 50-State Study." San Francisco, Family Caregiver Alliance.
- Freedman, Vicki A., and Linda G. Martin. 1999. "The Role of Education in Explaining and Forecasting Trends in Functional Limitations among Older Americans." *Demography* 36(4): 461–73.
- Freedman, Vicki A., Linda G. Martin, and Robert F. Schoeni. 2002. "Recent Trends in Disability and Functioning among Older Adults in the United States: A Systematic Review." *Journal of the American Medical Association* 288(24): 3137–46.
- Johnson, Richard W., and Anthony T. Lo Sasso. 2006. "The Impact of Elder Care on Women's Labor Supply at Midlife." *Inquiry* 43(3): 195–210.
- Johnson, Richard W., and Joshua M. Wiener. 2006. "A Profile of Frail Older Americans and Their Caregivers." Retirement Project Occasional Paper No. 8. Washington, DC: The Urban Institute. <http://www.urban.org/url.cfm?ID=311284>.
- Johnson, Richard W., Desmond Toohey, and Joshua M. Wiener. 2007. "Meeting the Long-Term Care Needs of the Baby Boomers: How Changing Families Will Affect Paid Helpers and Institutions." Washington, DC: The Urban Institute. <http://www.urban.org/url.cfm?ID=311451>.
- Kaiser Family Foundation and Health Research and Educational Trust. 2006. "Employer Health Benefits: 2006 Annual Survey." Menlo Park, CA and Chicago: Kaiser Family Foundation and Health Research and Educational Trust. <http://www.kff.org/insurance/7527/upload/7527.pdf>
- Komisar, Harriet L., and Lee Shirey Thompson. 2007. "National Spending for Long-Term Care." Washington, DC: Georgetown University Long-Term Care Financing Project. <http://ltc.georgetown.edu/pdfs/natspendfeb07.pdf>.
- Lakdawalla, Darius N., Jayanta Bhattacharya, and Dana P. Goldman. 2004. "Are the Young Becoming More Disabled?" *Health Affairs* 23(1): 168–76.
- Lakdawalla, Darius, Dana P. Goldman, Jay Bhattacharya, Michael D. Hurd, Geoffrey F. Joyce, Constantijn W.A. Panis. 2003. "Forecasting the Nursing Home Population." *Medical Care* 41(1): 8–20.
- Liao, Youlian, Daniel L. McGee, Guichan Cao, and Richard S. Cooper. 2001. "Recent Changes in the Health Status of the Older U.S. Population: Findings from the 1984 and 1994 Supplement on Aging." *Journal of the American Geriatric Society* 49: 443–49.
- Lo Sasso, Anthony T., and Richard W. Johnson. 2002. "Does Informal Care from Adult Children Reduce Nursing Home Admissions for the Elderly?" *Inquiry* 39(3): 279–97.
- Manton, Kenneth G., XiLiang Gu, and Vicki L. Lamb. 2006. "Change in Chronic Disability from 1982 to 2004/2005 as Measured by Long-Term Changes in Function and Health in the U.S. Elderly Population." *Proceedings of the National Academy of Sciences* 103(48): 18374–79.
- Marks, Nadine, James David Lambert, and Heejeong Choi. 2002. "Transitions to Caregiving, Gender, and Psychological Well-Being: A Prospective U.S. National Study." *Journal of Marriage and Family* 64(3): 657–67.
- MetLife Mature Market Institute. 2004. "Miles Away: The MetLife Study of Long-Distance Caregiving." Westport, CT: MetLife Mature Market Institute.
- MetLife Mature Market Institute. 2006. "The MetLife Market Survey of Nursing Home and Home Care Costs." Westport, CT: MetLife Mature Market Institute. <http://www.metlife.com/WPSAssets/21052872211163445734V1F2006NHHCMarketSurvey.pdf>.
- Mokdad, Ali H., Mary K. Serdula, William H. Dietz, Barbara A. Bowman, James S. Marks, and Jeffrey P. Koplan. 2000. "The Continuing Epidemic of Obesity in the United States." *Journal of the American Medical Association* 284(13): 1650–51.
- Mokdad, Ali H., Earl S. Ford, Barbara A. Bowman, David E. Nelson, Michael M. Engelgau, Frank Vinicor, and James S. Marks. 2001. "The Continuing Increase of Diabetes in the U.S." *Diabetes Care* 24(2): 412.
- National Alliance for Caregiving and AARP. 2004. "Caregiving in the U.S." Bethesda, MD and Washington, DC: National Alliance for Caregiving and AARP. <http://www.caregiving.org/data/04finalreport.pdf>.
- Ormel, Johan, Fruhling V. Rijksijk, Mark Sullivan, Eric van Sonderen, and Gertrudis I.J.M. Kempen. 2002. "Temporal and Reciprocal Relationship between IADL/ADL Disability and Depressive Symptoms in Late Life." *Journals of Gerontology Series B: Psychological Sciences and Social Sciences* 57: P338–47.
- Ory, Marcia G., Richard R. Hoffman III, Jennifer L. Yee, Sharon Tennstedt, and Richard Shulz. 1999. "Prevalence and Impact of Caregiving: A Detailed Comparison between Dementia and Nondementia Caregivers." *The Gerontologist* 39(2): 177–85.

- Pinquart, Martin, and Silvia Sorensen. 2003. "Differences between Caregivers and Noncaregivers in Psychological Health and Physical Health: A Meta-Analysis." *Psychology and Aging* 18(2): 250–67.
- Reester, H., R. Missmar, and A. Tumlinson. 2004. "Recent Growth in Medicaid Home and Community-Based Service Waivers." Washington, DC: The Kaiser Commission on Medicaid and the Uninsured.
- Schoeni, Robert F., Vicki A. Freedman, and Robert B. Wallace. 2001. "Persistent, Consistent, Widespread, and Robust? Another Look at Recent Trends in Old-Age Disability." *Journal of Gerontology: Social Sciences* 56B(4): S206–18.
- Schulz, Richard, and Scott R. Beach. 1999. "Caregiving as a Risk Factor for Mortality: The Caregiver Health Effects Study." *Journal of the American Medical Association* 282(23): 2215–19.
- Schulz, Richard, Alison T. O'Brien, Jamilia Bookwals, and Kathy Fleissner. 1995. "Psychiatric and Physical Morbidity Effects of Dementia Caregiving: Prevalence, Correlates, and Causes." *Gerontologist* 35(6): 771–91.
- Schulz, R., J. Newson, M. Mittelman, L. Burton, C. Hirsch, and S. Jackson. 1997. "Health Effects of Caregiving: The Caregiver Health Effects Study." *Annals of Behavioral Medicine* 19: 110–16.
- Shaw, W.S., T.L. Patterson, S.J. Semple, S. Ho, M.R. Irwin, R.L. Hauger, and I. Grant. 1997. "Longitudinal Analysis of Multiple Indicators of Health Decline Among Spousal Caregivers." *Annals of Behavioral Medicine* 19: 101–9.
- Soldo, Beth J., Olivia S. Mitchell, Rania Tfaily, and John F. McCabe. 2006. "Cross-Cohort Differences in Health on the Verge of Retirement." NBER Working Paper No. 12762. Cambridge, MA: National Bureau of Economic Research.
- Spillman, Brenda C., and Kristen J. Black. 2005. "The Size of the Long-Term Care Population in Residential Care: A Review of Estimates and Methodology." Washington, DC: U.S. Department of Health and Human Services, Assistant Secretary for Planning and Evaluation.
- Spillman, Brenda C., and Sharon K. Long. 2007. "Does High Caregiver Stress Lead to Nursing Home Entry?" Washington, DC: U.S. Department of Health and Human Services, Assistant Secretary for Planning and Evaluation.
- Spillman, Brenda, and Lilianna Pezzin. 2000. "Potential and Active Caregivers: Changing Networks and the 'Sandwich Generation.'" *Milbank Quarterly* 78: 347–74.
- U.S. Census Bureau. 2004. "Projected Population of the United States, by Age and Sex: 2000 to 2050." Washington, DC: U.S. Census Bureau. <http://www.census.gov/ipc/www/usinterimproj/natprojtab02a.pdf>.
- U.S. Department of Health and Human Services. 1998. "Informal Caregiving: Compassion in Action." Washington, DC: U.S. Department of Health and Human Services. <http://aspe.hhs.gov/daltcp/reports/carebro2.pdf>.
- Waidmann, Timothy A., and Korbin Liu. 2000. "Disability Trends among the Elderly and Implications for the Future." *Journal of Gerontology: Social Sciences* 55B(5): S298–307.
- Waldfogel, Jane. 2001. "Family and Medical Leave: Evidence from the 2000 Surveys." *Monthly Labor Review* 124(9): 17–23.
- Wisendale, Steven K. Forthcoming. "Caregiving Policies in the United States: Framing a National Agenda." In *Caregiving Contexts: Cultural, Familial, and Societal Implications*, edited by Maximiliane E. Szinovacz and Adam Davey. New York: Springer Publishing.

---

PREPARED STATEMENT OF VIRGINIA MORRIS, AUTHOR OF "HOW TO CARE FOR AGING PARENTS," SAG HARBOR, NEW YORK

People have cared for their elderly relatives throughout human history and across all nations and cultures. Given this, it seems that eldercare should be second nature, something we just do. And yet, in developed countries, in just the past couple of generations, this age-old task has changed. Dramatically.

Once upon a time, people grew up, they grew old, they got sick, and they died. Caring for an elderly relative meant sharing meals, helping out with some chores, and then, for a few weeks, seeing them through sickness and death.

Today, people are not only living longer—into their 90s and beyond—but they are often living these extended years with acute, debilitating illness—illnesses that last not for a few weeks, but years.

Elderly relatives need much more than a little TLC. They need catheters, oxygen tanks, and wheelchairs. They need someone to put a spoon in their mouths, to get them on the toilet, pull on their socks, and remind them what day it is. They need someone to oversee an arsenal of medications and a cadre of medical specialists.



And they need someone to make sense of Medicare, Medicaid, Medigap, Plan D, long-term care insurance, senior discounts, reverse mortgages and a seemingly endless stream of medical bills.

But this isn't all that has changed. While the needs to the elderly have grown, the time and availability of caregivers has diminished. In our wildly mobile society, family members often live far apart. Children of aging parents can't just walk down the block or jump in the car to check on mom or bring dad some soup. They often live 2 hours away—by plane.

Furthermore, women—and the vast majority of caregivers are women—are working, and they are having children later. They are juggling not just work and motherhood, but eldercare too. On a given day they must decide whether to stay at work, go to a teenager's big soccer game, or get mom to her doctor's appointment.

And yet, 80 percent of the care provided to the elderly—this includes help with eating, toileting, dressing, changing bandages, giving medications, etc.—comes from family. Estimates put the value of this care at nearly \$300 billion each year. I would argue that it is priceless.

Nearly 50 million people in this country care for an elderly relative and these numbers are rapidly climbing. Some 78 million baby boomers are now moving into their 50s and 60s, which means that their parents are between 70 and 95. Eldercare is upon us.

#### THE IMPACT

There are rewards, of course—intimate moments and loving exchanges, gratitude and reconciliation. People want to care for their loved ones. And yet, the rewards are hard to see when one is in the trenches. The costs to caregivers are phenomenal on many levels.

##### *Time required*

First of all, on the most simple level, there is the time involved. Caring for an elderly relative is a part-time job, if not a 24/7 obsession. The average caregiver spends 20 hours a week caring for an elderly person, but many of them live and breathe it. Mom has Alzheimer's, she's moved into the den, and recently she's become hostile and paranoid. She attacks any hired help. Her daughter is the only one who can calm her (although Mom is convinced at times that even her daughter is trying to poison her). The last time she was left alone for a few minutes she tried to warm up some soup and nearly burned the house down.

According to the National Alliance for Caregiving and AARP, 17 percent of family caregivers devote 40 hours a week or more to this task.

Even those caregivers who don't provide hands-on, physical care spend hours upon hours pouring over bills and insurance forms, consulting doctors, calling local service providers, and generally making sure the aide showed up, mom took her medicine, dad ate some lunch, and neither is driving the car.

People sometimes assume that once a parent is in an assisted living facility or nursing home that the family's job is done. But the work doesn't disappear; it simply changes course. Loved ones still need to check in constantly, manage staff, deal with finances, and confer with doctors.

##### *Emotional cost*

Beyond the sheer time involved, is the emotional strain, and this is no small matter. Caregivers worry endlessly. They typically feel helpless and confused, as they don't know what to do, how to help, or where to turn. The system is nearly impossible to understand, much less navigate, and what's at stake is dire. They feel guilty that they aren't doing more, resentful that they have to do so much, and anxious that whatever they are doing is wrong. The parent-child relationship, which is already loaded (She's critical of everything I do. He micro-manages my life. My sister was always his favorite), is turned upside down. They often become isolated, as they no longer have time for friends or any sort of social life. Coupled with all of this, there is grief, because this is, after all, about loss.

Caregivers are typically exhausted, isolated, and overwhelmed. As a result, they often become clinically depressed or physically sick. Volumes of studies show that caregivers have higher rates of depression and morbidity, and generally have a shorter life span.

##### *Strains on family*

When you consider the time that is required and the emotions that are involved, it's no small wonder that caregivers have little energy for spouses or children. Marriages are tested, and often dissolve. While men are getting more involved in eldercare, women still shoulder the brunt of it. In fact, women often find themselves

caring for their in-laws, as well as their own parents. The stress and strain simply becomes too much for a marriage to bear.

Likewise, children are neglected—neglected, just when they need so much attention, as they are affected by Grandpa’s confusion or Grandma’s frailty. This is the era of the “sandwich generation,” those pulled between the demands of children and aging parents. Who will get mom’s time—an anguished teenager, a frail parent or a disgruntled spouse? About 40 percent of caregivers have children under 18 living at home.

#### *Financial implications*

The average cost of nursing home care in the U.S. (as of March, 2006) is more than \$70,000 a year. That price tag does not include the cost of medications or rehabilitative therapy. In certain areas, the price soars even higher. In New York City, for example, the average cost of nursing home care is now more than \$140,000 a year.

Assisted living facilities generally cost much less than nursing homes (nearly half). The cost of in-home care varies widely, depending upon the needs of the elderly person and the availability of family members. Generally speaking, in-home care costs far less than nursing home care, unless a person needs 24-hour care, including several hours of nursing care.

Medicare covers almost none of this, and most older people do not have long-term care insurance. Instead, people pay these bills themselves until they are impoverished, at which point they qualify for Medicaid. Family members often pitch in, so not only is the elderly person impoverished, but often the caregiver’s personal finances are strained as well.

Obviously, long-term care is an enormous financial burden for families. Those on one extreme end of the spectrum can pay for it. Those on the other end quickly find themselves in the safety net of Medicaid (not great, but adequate). But the vast majority of families reside in the gap. They have faithfully paid off their mortgages and put aside a reasonable nest egg, only to find their savings quickly decimated.

#### *Caregiving and work*

Beyond the obvious financial hit of long-term care, is a less obvious, but just as pressing, issue—the toll eldercare takes on a caregiver’s work life.

According to a study by the National Family Caregivers Association done in 2001, one half of all caregivers are employed. The statistics on how they handle this vary, but it is clear that many quit work completely, and between 50 and 70 percent make adjustments at work, largely by cutting back their hours. The vast majority make phone calls and send emails related to eldercare during the workday, and virtually all of them are distracted, preoccupied and exhausted at work because of their caregiving duties.

A 2006 study by MetLife Mature Market Institute estimated that the cost of eldercare, in terms of lost productivity to U.S. businesses, was nearly \$34 billion a year.

Behind the statistics are real-life stories:

Ann’s father lives with her. He has mild dementia and recently lost most of his eyesight. He wakes frequently during the night. He needs someone to watch him all the time, as he hallucinates, and is also likely to fall down the stairs or wander out into the street. Ann has a 15-year-old daughter and cannot afford to leave her job. But hiring someone to stay with her father during the day will cost more than she earns. She is frazzled and frightened. She hasn’t had a full night’s sleep in weeks. She’s put together a patchwork of help, but it is a temporary fix. She doesn’t know what to do or where to turn.

Lindsey lives in Illinois and her mother, who is 83, lives in Mississippi. As an only child, the onus of care falls to her. Lindsey has used up all of her sick days and personal days visiting her mother, who recently had heart surgery. She knows that her mother will only grow weaker and more frail. Lindsey has one child at home and one in college. She is worried about the future. She is worried how she will care for her mother and how all this will affect her work and income. As someone who works in sales, and is dependent upon commissions, she cannot afford to miss work.

Cheryl is a social worker in a school. Her mother lives nearby and has early Alzheimer’s disease. On several occasions, Cheryl has had to stop what she’s doing, walk away from troubled students, to deal with a crisis concerning a mother. She also has a child at home. She worries what she’ll do as her mother’s illness grows worse, how she’ll continue to work, how she’ll pay for her mother’s care. She says, “How do you begin to prioritize things in your life?”

Mary’s in-laws moved in recently. She and her husband pay all his parents’ bills. She also worries all day from work—are they eating, are they OK alone, are they

safe, how will we continue to pay for this. The emotional and financial pressure, along with the lack of privacy or free time, has put so much strain on their marriage that Mary doesn't think they will survive it.

#### A CRITICAL NEED

I typically address caregivers, not policymakers, and when I do I make two main points. One, plan ahead. If we could simply get people to think about all this sooner, to plan for it even a little bit, we could ease the strains enormously. Unfortunately, most people approach eldercare one crisis at a time.

But the second point is the one I want to stress to this committee today: Take care of the caregivers.

We've all heard flight attendants instruct us to put on our own oxygen masks before assisting someone else. They say this for a very good reason: You can't help someone else if you are suffocating. Caregivers need oxygen.

Although there are dozens of them, I don't think we don't need studies to tell us that caregivers who have support, who have access to services, and who take breaks, take better care of their elderly family members, stay at this task for a longer period of time, and keep their loved ones out of institutions. They also are less apt to be depressed, sick and impoverished themselves.

Most caregivers, however, do not have such support. They do what they can until they burn out, until they are physically sick, clinically depressed, unemployed, abusive, financially strained, and/or contemplating divorce, and then they reluctantly put Dad in a nursing home.

In my experience, several things determine whether an elderly person enters a nursing home. Dementia, immobility, and incontinence are obviously huge factors. But the caregiver's health and emotional well-being are also deciding factors.

Caring for the caregiver is a win-win situation. Families want to take care of their aged relatives. Elderly people want to stay in their own homes. And we, as a society, want to avoid the enormous expense and questionable care associated with institutions.

#### THOUGHTS ON POLICY

I am not a policy person, but I have studied this issue for nearly 15 years, so there are a few things that come to mind.

One, don't reinvent the wheel (or, in this case, the wheelchair). It would be helpful to fully review what's out there, what works, why it works, and what doesn't work. Beyond the larger programs—PACE, Beacon Hill Village, consumer-directed programs, care voucher programs, California's Caregiver Resource Centers, Oregon's Lifespan Respite Program, Pennsylvania's Family Caregiver Support Program, etc., etc.—there are hundreds of small-scale projects underway.

Any review should look internationally, as well. Israel, for example, has introduced a number of new programs in recent years—a network of day care centers, intergenerational housing programs, wide-scale volunteer programs, counseling centers, and public insurance programs.

Overall, caregivers need support, counseling, education, respite, adult day services, transportation and meal delivery programs, companions and aides, and home-maker and handyman services.

We also need:

Early intervention in order to assist caregivers before they burn out.

Help navigating the current system, which is impossibly fragmented and complicated.

Assessments of caregivers when the elderly are assessed (as they often are by medical clinics, community case workers, hospitals and nursing homes).

More services in rural areas, which are often lacking programs.

Volunteer initiatives that put both young people and old people to work caring for those in their communities.

Intergenerational programs that do not sequester the elderly. Integrating our seniors into our lives and communities is essential for any program.

A holistic approach that addresses the numerous needs of both the caregiver and the elderly person.

The population of elderly people is growing rapidly and the needs of this population are greater than ever before. We need to support our family caregivers now so that we are not left supporting this large population of elderly up the road.

Thank you.



PREPARED STATEMENT OF LENI WILCOX, DIVISION DIRECTOR, COMMUNITY SERVICES  
FOR THE ELDERLY, AMHERST H. WILDER FOUNDATION, ST. PAUL, MINNESOTA

Good morning Chairman Schumer and distinguished members of the Joint Economic Committee. Thank you, Senator Klobuchar, for bringing this critical issue before the committee and inviting testimony from a community-based provider of caregiver services. My name is Leni Wilcox and I am Division Director of the Amherst H. Wilder Foundation's Community Services for the Elderly in St. Paul, Minnesota. Each year, Wilder provides a number of community-based, long-term care services to nearly 2,000 low income, older and disabled adults in the Twin Cities East Metro area. Our goal is to help older adults and their family caregivers so that the older adult can continue to live independently and remain actively involved in the community as long as possible.

One of our most valued partnerships is with three other like-minded, nonprofit social service agencies that serve seniors and their caregivers in the Twin Cities area: DARTS in Dakota County, Human Services, Inc. in Washington County, and Senior Community Services in Hennepin County. We have partnered to offer one-stop access to care coordination and all of our services, including our caregiver coaching service, a national winner of the 2006 Family Caregiving Award for innovation and effectiveness. This partnership, Eldercare Partners, is funded by a National Family Caregiver Support Program grant from our Metropolitan Area Agency on Aging, and provides support to approximately 400 family caregivers each year, giving them the skills they need to do one of life's toughest jobs. Eldercare Partners caregiver coaches provide in-depth assessment of the caregivers and then help them navigate the fragmented service system, provide family mediation if needed, and develop a longitudinal relationship with them to build skills, confidence and resilience. Educating and equipping this generation of caregivers will not only benefit today's seniors, but will foster a new cohort of informed adults better prepared for their own aging.

#### CAREGIVERS ARE AFFECTED BY DEMOGRAPHIC TRENDS

Many factors, including advances in nutrition, public health, and medicine have increased the U.S. life expectancy by approximately 24 years per century.<sup>1</sup> In addition, our population is aging. Tom Gillaspay, Minnesota State Demographer, reports that over the next two decades, the number of Minnesotans over the age of 65 will double, and by the year 2030 older people will represent over 20 percent of the state's population. Our aging population, living longer, may acquire more chronic disease and utilize services longer. Increased health care costs, fragmented service systems, and lack of self-identification make the otherwise savvy Baby Boomers ill-prepared for their caregiving roles.

Today's families are smaller, more geographically dispersed, and often require dual incomes to meet basic family needs. Statistically, there are fewer caregivers per elder than in past generations and the caregiver role today can last much longer than it once did. A 2003 study noted caregivers spend an average of 4.3 years providing care. Many are in that role significantly longer than the average.<sup>2</sup>

#### CAREGIVERS ARE VULNERABLE, VALUABLE, AND VITAL

We know that there are two types of caregivers—(1) those with mastery who have learned how to cope, when to ask for help and where to find it, and (2) those who feel physically overwhelmed, emotionally out of control, and financially stressed. Organizations like ours are critical to helping this second group of caregivers manage

<sup>1</sup>Lee, R. 2003. Mortality Forecasts and linear Life Expectancy Trends. University of California, Berkeley.

<sup>2</sup>National Alliance for Caregiving and AARP. Caregiving in the U.S. Bethesda: National Alliance for Caregiving, and Washington, DC: AARP, 2004.

not only the lives of the care recipients, but also their own lives. In too many cases, if caregivers do not receive support, they may ultimately no longer be able to fulfill their caregiving role.

Caregiving creates physical, emotional and financial complications for the caregiver. Eleven percent report that caregiving has negative impacts on physical health.<sup>3</sup> Multiple studies report that caregivers experience increased physical strain, disturbed sleep and elevated stress levels. Caregivers encounter chronic conditions such as heart attack/heart disease, cancer, diabetes and arthritis at almost twice the normal rate. Caregivers report lower levels of self-care, are more likely to smoke, and have higher alcohol abuse and prescription drug use. They report that their eating and exercise habits have worsened as a result of their role. The ultimate sacrifice of caregiving is earlier death. Spouses, aged 66–96, who experience caregiving related stress, have a 63 percent higher mortality rate than non-caregivers of the same age.<sup>4</sup>

The emotional toll of caregiving impacts both individual and family structure. Constantly changing needs, priority conflicts and family expectations often create guilt, depression and stress. In addition, a caregiver's identity is continually challenged throughout the journey with lessening of self-esteem, personal value, and life purpose. Estimates show that between 40 and 70 percent of caregivers have clinically significant depression.<sup>5</sup>

Families experience financial burdens because of caregiving. While an estimated 60 percent of caregivers are employed either full or part-time, they often struggle with balancing family and work. Many must rearrange their work schedules, decrease their hours, and take unpaid leave to meet their caregiving responsibilities. Assuming a caregiving role often leads to workplace absenteeism, reduced job responsibility, lost wages, job termination, and interrupted contributions to Social Security and retirement plans. One study found that women who were caregivers during their working years were 2.5 times more likely to live in poverty as elders than women who had not been caregivers.<sup>6</sup>

Most long-term care is not provided in nursing homes. Families and friends provide approximately 80 percent of the long term care in the U.S.<sup>7</sup> and 96 percent in Minnesota.<sup>8</sup> In 2000, the U.S. Administration on Aging reported that 50 percent of the elderly who need long-term care but had no family to care for them, use nursing home care. In contrast, only 7 percent who have a family caregiver live in an institution. The estimated value of informal caregiving is \$306 billion dollars annually.<sup>9</sup> Caregiving is a core social value in America regardless of income, cultural background, or geographic region. Families value their elders and want to care for them as they age and need help. Most caregivers are unsung heroes who find great personal satisfaction and growth without asking for recognition or thanks. The caregiver role is not an easy one and services like Eldercare Partners help the caregiver juggle work, raise children, care for their parents, and mitigate stress and burn-out.

#### CAREGIVERS BENEFIT FROM SERVICES AND SUPPORT

Research continues to show the effectiveness of caregiver support programs. In 2004, Dr. Terry Lum, University of Minnesota, evaluated the Eldercare Partners caregiver coaching service and found that it significantly reduced the level of burden experienced by caregivers and helped them cope and provide care longer. In Decem-

<sup>3</sup>Center on an Aging Society, 2005. How Do Family Caregivers Fare? A Closer Look at Their Experiences. (Data Profile #3). Washington, DC: Georgetown University.

<sup>4</sup>Schulz, R. and S. R. Beach, Caregiving as a Risk Factor for Mortality: The Caregiver Health Effects Study, *JAMA* 282 (1999): 2215–2219.

<sup>5</sup>Zarit, S., Assessment of Family Caregivers: A Research Perspective. In *Family Caregiver Alliance* (Eds.), *Caregiver Assessment: Voices and Views from the Field*. Report from a national Consensus Conference (Vol II). San Francisco: Family Caregiver Alliance.

<sup>6</sup>Wakabayashi, C. and K. M. Donato. 2004. The Consequences of Caregiving for Economic Well-Being in Women's Later Life. Presented at the annual meeting of the American Sociological Association, San Francisco.

<sup>7</sup>Thompson, L., Long-term care: Support for family caregivers (Issue Brief). Washington, DC: Georgetown University, 2004 and Long-Term Care Financing Project, Long-term Care Users Range in Age and Most Do Not Live in Nursing Homes. U.S. Agency for Healthcare Research and Quality, November 8, 2000.

<sup>8</sup>Status of Long-Term Care in Minnesota 2005. A Report to the Minnesota Legislature. Minnesota Department of Human Services Aging Initiative. June, 2006.

<sup>9</sup>National Family Caregivers Association and family Caregiver Alliance (2006). Prevalence, Hours and Economic Value of Family Caregiving, Updated State-by-State Analysis of 2004 National Estimates (by Peter S. Arno, PhD). Kensington, MD: NFCA and San Francisco, CA: FCA.

ber 2005, the Partners in Care study<sup>10</sup> demonstrated that caregiver coaching is an effective intervention for empowering caregivers to acquire knowledge and skills, creating improvement in attitudes and behaviors related to self and self-care. Multi-intervention programs make a difference. One study showed that patients whose spouses received individual and family counseling, support group participation, and phone support as needed experienced a 28.3 percent reduction in the rate of nursing home placement and delayed the median time of institutionalization by 557 days.<sup>11</sup>

The stories of several caregivers served by Eldercare Partners illustrate the effectiveness of caregiver coaching. For example, take Alice. Her father is 80 years old, a polio survivor now living with congestive heart failure, kidney failure, and depression. Alice left her full-time job to provide the considerable assistance and 24-hour supervision he needs. She is paid as a personal care attendant for some of her caregiving hours, but her own income has decreased dramatically. She struggles to find time for the rest of her family and worries about how she is neglecting her own health. The Eldercare Partners coach has helped Alice find useful resources—a mental health consultant for her dad, a rabbi who will visit him at home, a volunteer who provides respite for her. And the coach has been strategizing with her about how to improve her own health. Alice announced proudly to her coach that she had spent one and a half hours with her dog at the dog park—a remarkable achievement for this caregiver.

Another example is Karen. Karen's responsibility is even more daunting. She is the primary caregiver for both her mother, who has Alzheimer's disease, and her brother, who has cerebral palsy and obsessive compulsive disorder. Karen tries to handle her paid job while also meeting their daily needs—finding appropriate adult day programs for each, arranging transportation, accompanying them to medical appointments, learning about the mental health system, keeping bills and insurance matters straight—all the while adjusting to the fact that her mother no longer recognizes her. Karen's mother recently moved from Karen's home to a memory care facility, which adds a new dimension to her caregiver role. And she will be caring for her brother well into the future. Caregiving requires stamina, and the advice and support of an Eldercare Partners coach has helped Karen maintain a healthy perspective throughout her journey. The coach has guided her through complex systems and difficult family conflicts. She's sleeping better now and she says, "at least I'm not stressed over getting stressed."

And finally, John. John, in his mid-50's, lives in Minnesota and cares for his mother who lives in Virginia. John's mother has multiple sclerosis, and he has been a long-distance caregiver for many years. Because she has now developed arthritis as well, both decided the mother should move closer to her son. John has many questions. Would airline staff help her transfer from her wheelchair to the seat in the plane, or must someone accompany her on the trip? Where can she afford to live that has the services she'll need? Will she have to switch Medicare HMOs when she moves? Is a Power of Attorney executed in Virginia valid in Minnesota? The Eldercare Partners coach helped him find the answers and navigate the resources, saving him the frustrating and time-consuming false starts that many caregivers experience. This access assistance is helping John create a smooth transition for him and his mother.

#### CAREGIVERS TAP VARIOUS FUNDING SOURCES

Eldercare Partners receives funds from the Metropolitan Area Agency on Aging via the Minnesota Board on Aging, originating from Title III–E of the Older Americans Act. Our member organizations match these funds with support from municipalities, counties, foundations, United Way, and corporate and individual contributions. Service users pay a share of the cost using a sliding scale based on the care receiver's income, per OAA requirements.

But Older Americans Act funded services comprise only a portion of what caregivers need. Additional supportive services are offered by nonprofit organizations, faith communities, and for-profit companies. Most assistance is purchased directly by consumers at market rates or with sliding fees. Other funding streams Minnesota caregivers can tap include: Alternative Care and Elderly Waiver for financially and functionally eligible individuals, primarily focused on services used by the care receiver; Consumer Directed Care, which is available under the waivers and through Title III–E, giving consumer families funds to purchase services they

<sup>10</sup> McGee, P. and H. Tuokko. 2005. Partners in Care: Empowering Caregivers Through Coaching. Centre on Aging, University of Victoria.

<sup>11</sup> Mittelman, M. S., Haley, W. E., Clay, O. J., Roth, D. L. 2006. Improving caregiver well-being delays nursing home placement of patients with Alzheimer disease. *Neurology*, 67: 1592–1599.

choose; Long Term Care Insurance, which may cover in-home services for the care receiver that provide relief for the caregiver.

#### CAREGIVERS NEED OUR HELP

We feel that attention to supporting caregivers is critical for our future. There are three things that are very important to note:

- *The magnitude and challenging circumstances of caregiving today are unprecedented in this country.* As Dr. Johnson described in his testimony, demographic and social trends will exacerbate these problems in the future. With the retirement of the Baby Boomers starting in 2011, our aging population will increase quickly. By 2030, there will be about 71.5 million older persons, or more than twice the number there were in 2000. The 85+ population will grow even more dramatically in that timeframe.<sup>12</sup> While we are living longer, it isn't clear whether disability rates will decline or not. Many Baby Boomers have smaller and non-traditional families. And they are mobile, sometimes living a long distance from their parents and children. To exacerbate the problem, in most parts of the country there are workforce shortages of formal care professionals like nurses and home health aides. Support for informal caregivers will be critical to helping older adults remain at home in more cost-effective, community-based settings.

- *The economic impact of caregiving can span multiple generations.* Most caregivers are women, but we are seeing more and more men in this role. Both men and women are affected by its short-term and long-term consequences. In the short-term, high caregiver stress is associated with premature nursing home admission for the care receiver. In the long run, the caregiving role can have a significant impact on the economic well-being of the caregiver. Negative impacts on job performance and even the ability to retain employment affects many caregivers who sacrifice not only their income, but their future retirement security. Add to that a body of evidence that shows that the mental and physical health of caregivers are at risk, setting them up for disability and future increased health care costs.

- *Service awareness, access, and navigation are our greatest challenges.* Finally, the service and financing "systems" that support community-based long-term care are chaotic, fragmented and, frankly, frightening. The availability of supportive services is not a level playing field with great variation among states and between metropolitan and rural areas. Indeed, there are access barriers for people of all incomes. Although mainstream media coverage about Boomers caring for their parents has certainly increased, there is a great need for more public education to make people who are caring for a loved one aware of services, like those funded under Title III-E, so they can get support and help to navigate our disjointed system.

Caregivers are the heart of the long-term care system and we must do more to address their physical, emotional and financial challenges. Shifting the focus and funding of long-term care to community services is essential. The National Family Caregiver Support Program of the Older Americans Act was a significant first step. It brought needed resources and attention to caregiver needs, but caregiver awareness still remains low, service availability is spotty, and access is difficult. You can help by keeping this issue alive in the public discourse, strengthening access points and navigation assistance, and allowing flexibility in service design so that caregivers have options that suit their unique circumstances. We all need caregivers. They need our help.

Thank you for your attention to this important and growing national issue.

PREPARED STATEMENT OF SCOTT A. WEISBERG, VICE PRESIDENT, COMPENSATION,  
BENEFITS AND STAFFING, GENERAL MILLS, INC., MINNEAPOLIS, MINNESOTA

Thank you Sen. Klobuchar for the opportunity to speak today. And thank you distinguished members of the Joint Economic Committee. My name is Scott Weisberg and I am Vice President of Compensation, Benefits and Staffing at General Mills. We make Cheerios, Green Giant vegetables, Progresso soups, Pillsbury baked goods and Yoplait yogurt, to name a few of our household brands. We have 28,000 employees—about 18,000 work in the United States—with annual sales of \$12.5 billion.

I'm particularly glad to be here because the subject of elder care has been of interest to General Mills for some time. Back in the 1970s and 80s, we recognized there had to be a middle ground between the elderly living at home and being moved to a nursing home. Our foundation invested in a series of assisted living programs to provide both housing and health care for seniors. The result was Altcare, and seven

<sup>12</sup>Department of Health and Human Services. Administration on Aging. A Profile of Older Americans: 2006.

alternative senior living facilities, which are still being operated today by Volunteers of America.

Today, I'd like to share why elder care is still important to General Mills, how we support employees who are wrestling with work-life issues, and offer some insight into what employees and employers might value in the future.

#### THE WAR FOR TALENT

To understand how we approach this issue, let me start by providing some context about our company's employee value proposition and how we compete in the "War for Talent" in the marketplace. In some ways, we're traditional—one of the remaining 18 percent of private employers that still offers a defined benefit pension program. We strive to be a "cradle-to-grave" employer, which means we hire many of our employees at the entry level and hope they spend their entire career with General Mills. We believe this continuity translates into performance and a competitive advantage in the marketplace.

Our benefits package reflects this core philosophy—our benefits are imbued with incentives to encourage people to stay. Our defined benefit pension program is one of our principal vehicles to reinforce employee retention. We also offer a 401(k) program with a company match that varies depending on the company's performance, as well as health insurance for our retirees.

This focus on retaining talent is more important than ever because the "War for Talent" is heating up. In the past, the college graduates we hired for entry-level positions were receiving two competitive offers, on average (in addition to ours). Today they are receiving five offers, on average. And we expect in the near future they may be receiving seven or nine offers.

Another implication of a hot job market is that executive recruiters—knowing our reputation for hiring and developing superior talent—have targeted General Mills to hire away our employees. We've recruited and invested in these employees' development, so it's in our interest to retain them. And that's where our philosophies regarding employee benefits come into play.

However, over time we have come to realize that pay, benefits and career development alone aren't enough to retain employees. As a result, we also offer a variety of work-life policies and programs that also help make General Mills a great place to work. We know our employees value these programs, and we've been recognized by several independent organizations for them:

- "Best Companies for Working Mothers" from Working Mothers magazine.
- "100 Best Companies to Work For" from Fortune magazine.
- "Best Employers for Healthy Lifestyles" from the National Business Group on Health.
- "America's Most Admired Companies" from Fortune magazine.

Going forward, we believe this kind of employee support is only going to become more important. That's the context in which I would like to focus my comments on elder care. Today, people are living longer and that means two things: Our employees will be helping to take care of their parents longer and they may also keep working longer to ensure they have the resources to provide for themselves and their parents.

#### ELDER CARE AND WORK-LIFE BALANCE

General Mills takes a holistic approach to retaining employees through its work-life programs (including elder care) and we use three basic levers to achieve this goal. We provide employees with:

- Financial support and expert advice
- Time
- A culture of management support

##### *Financial Support and Expert Advice*

The most obvious way to support time-starved employees is to create policies and programs to aid them. For example, we have invested in a company funded "Employee Assistance Program" (EAP) for more than 20 years. Our EAP provides confidential support through the Internet and a toll-free phone line. In the elder care area, some of the services our EAP provides include:

- Consultation to employees regarding the care for elders, coping with the aging process, communicating with parents and understanding Medicare/Medicaid.
- Access to a data base of nearly 100,000 elder care providers.
- Personalized search and referrals to adult day services, in-home safety assessments, meal and transportation services, retirement communities, nursing homes and hospices.



- Training to help employees learn how to anticipate and plan for elder care concerns.

In addition to elder care support, we offer the opportunity for employees to purchase long-term care insurance at a discount. Our benefits department sorts through the complex labyrinth of providers and identifies high-quality vendors so employees can feel confident in their selection. And that's another important way we can help.

#### *Time*

The one thing many employees need more than ever before is time. Often, when caring for an aging parent, the most important support that can be provided is being there—for appointments or to discuss a sensitive issue. For this reason, we offer a number of time-off benefits for employees, including:

- Three weeks paid vacation in the first year of employment and up to 5 weeks of paid vacation, depending on service.
- Flexibility through part-time employment, job-sharing and flexible work hours.
- Paid maternity, paternity and adoption leave.
- “Summer hours,” which allows employees to take Friday afternoons off throughout the summer. Summer hours begin on Memorial Day and end on Labor Day.

Recently, recognizing how much employees value flexibility, we adopted two additional types of unpaid time off:

- “Flex vacation,” which provides up to two additional weeks of vacation per year.
- “Sabbaticals” of between four and 12 weeks for employees with seven or more years of service.

When you're employing people for the long haul, it's to be expected that work-life issues can occasionally get out of balance. A company's commitment to stand by employees through these difficult times enhances retention.

#### *A Culture of Management Support*

We all know that even the best policies won't work if they are not supported by a company's leadership. I experienced my own version of the “Sandwich Generation” phenomenon about 6 years ago during one of the most demanding periods of the company's recent history: the integration of Pillsbury into General Mills. As you can imagine, there are a tremendous number of human resource issues associated with such a merger.

At the time, my son was about 15 months old and my wife was logging some significant business travel. Further, my father had just been diagnosed with cancer and lived 1,500 miles away in California. I was fortunate to work for General Mills at the time. We took advantage of our EAP to identify a child care provider, as well as refer us to high quality elder and hospice care. I also consulted with the General Mills company doctor, who helped me navigate the complex healthcare environment and coached me on how to ask my father's doctors the “right” questions. Most importantly, I had a supportive boss who knew I needed to take time away from the office to attend to my father's care.

My story isn't unique. I know of many others who have similar stories. These people are truly grateful for the way General Mills supported them during times of personal stress. From an employer's point of view, being supportive makes sense. It's not only the right thing to do; it builds employee loyalty and has huge retention value.

#### THE ROAD AHEAD: EMPLOYEE AND EMPLOYER NEEDS

While we've focused on how employees provide support for an elderly family member, another way to view this issue is to consider how best to support employees who are aging and have concerns about their own financial and physical well-being. We know that the rising cost of health care combined with the fact that people are living longer is translating into retirement concerns for Baby Boomers. In fact, a recent study indicated that the Number 1 concern of employees who are nearing retirement is the rising cost of healthcare. As a result, many employees are interested in alternative solutions to supplement their retirement income to pay for their medical costs.

While this could seem like a difficult situation, there is an opportunity for a “win-win” scenario. Employers have an interest in retaining their experienced employees until Generation X and the Millennials acquire enough expertise to replace them. Companies like General Mills would like to offer more flexibility as it relates to “phased retirements,” which would allow employees to collect some of their retire-

ment benefits while still working. As things stand today, there are some small barriers that make this difficult.

Under current regulations, our employees are prohibited from working for us while collecting pension benefits. They can, however, work for another employer and draw their General Mills pension. We'd like to see this current system modified so that if employees wanted to phase into retirement, they could "phase into" receiving a share of the pension they had accrued with us. This would allow our employees a chance to supplement their income by applying the wisdom they gained at the same place in which they've spent their careers. We believe that this would be good for employees and, of course, is good for a company like ours.

Second, is a small modification in the law related to Health Savings Accounts (HSAs), which allow employees to set aside money on a tax-favored basis to pay for current and future healthcare expenses. At General Mills, we would like to allow our employees to take advantage of HSAs, but under current legislation, we are ineligible to provide one because we have a company health clinic. The in-house clinic allows employees the convenience of using preventative onsite services on a voluntary basis. As a self-insured employer, we believe these preventative services are delivered in a cost-effective manner and may save the company from larger costs down the road. By providing more flexibility in the rules for HSAs, it is our view that we may be able to address some current concerns employees have regarding the rising cost of healthcare.

#### CONCLUSION

It's clear that elder care is only going to become more important as our population ages. Most of us are going to have to deal with this issue at some point in our lives. We see providing employees with the information—and the time—to navigate through this period of their lives as a key retention strategy for General Mills.

In the future, I believe that it will behoove all employers to recognize the importance of elder care—as well as other work-life balance issues—if they are going to be the winners in the War for Talent.

Thank you for the opportunity to appear before you today. I would be happy to answer any questions that you have.

