



# **The MetLife Study of Employed Caregivers: Does Long Term Care Insurance Make a Difference?**

Findings from a National Study

by the  
National Alliance for Caregiving  
and  
LifePlans, Inc.

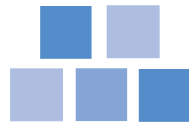
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Mature Market Institute

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## ABOUT THE SPONSORS

The **MetLife Mature Market Institute** is the company's information and policy resource center on issues related to aging, retirement, long-term care and the mature market. The Institute, staffed by gerontologists, provides research, training and education, consultation and information to support MetLife, its corporate customers and business partners. Metropolitan Life Insurance Company, a subsidiary of MetLife, Inc. (NYSE:MET), is a leading provider of insurance and other financial services to individual and group customers. The MetLife companies serve approximately nine million individual households in the U.S. and companies and institutions with 33 million employees and members. MetLife also has international insurance operations in 12 countries.

Established in 1996, the **National Alliance for Caregiving** is a non-profit coalition of national organizations that focuses on issues of family caregiving. The Alliance was created to conduct research, do policy analysis, develop national programs and increase public awareness of family caregiving issues. Recognizing that family caregivers make important societal and financial contributions toward maintaining the well-being of those for whom they care, the Alliance's mission is to be the objective national resource on family caregiving with the goal of improving the quality of life for families and care recipients.

**LifePlans, Inc.** is a long-term care insurance service, risk management and research company. The company conducts research for the Federal government, foundations and trade associations on issues related to private and public initiatives in long-term care financing for the elderly and disabled. The company has recently completed the third national study of individual purchasers and non-purchasers of long-term care insurance and completed the first industry-wide study of long-term care insurance claimants, which was sponsored by the U.S. Department of Health and Human Services and the Robert Wood Johnson Foundation.

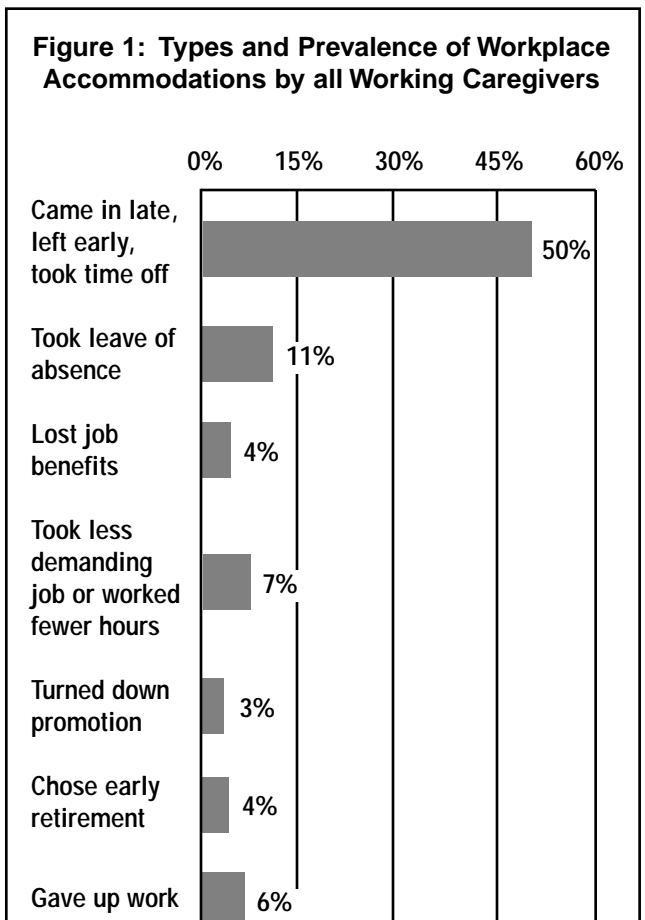


## WHY CARE ABOUT CAREGIVING?

Increasingly, American workers can expect to be ground between two millstones. The graying of the population means that more workers will have an elderly relative or friend to care for at the same time as they are juggling work and other family responsibilities. According to the 1997 national caregiver survey conducted by the National Alliance for Caregiving and AARP, nearly one-quarter of U.S. households—22.4 million—contain a family caregiver for someone 50+.<sup>1</sup> Nearly two-thirds of family caregivers work full or part-time, and over half of these caregivers report that they have had to make some sort of workplace accommodation, such as coming in late to work or leaving early, dropping back to part-time, turning down a promotion, choosing early retirement, or giving up work entirely. Figure 1 to the right summarizes some of these accommodations.

What are the implications of these workplace accommodations? More and more employees will be faced with caregiving responsibilities that will affect their finances and their health, and their employers' bottom line. The 1997 *MetLife Study of Employer Costs for Working Caregivers* estimated that working caregivers' accommodations cost U.S. employers between \$11.4 and \$29 billion dollars per year in lost productivity.<sup>2</sup> For working caregivers in the 1999 *MetLife Juggling Act Study*, a "career" of caregiving costs an average of \$656,000 in lost wages, pensions, and Social Security, not to mention negative health impacts.<sup>3</sup> A 1999 study estimated the economic value of caregiving to society at close to \$200 billion per year.<sup>4</sup>

The purpose of this study is to understand how long-term care insurance (LTCI) for disabled older people can affect the lives of their working caregivers. LTCI reimburses all or some of the costs associated with professional care—typically skilled and custodial care provided by nursing homes, assisted living and adult day care facilities, home health agencies and other providers of care services. While most long-term care insurance is sold to individuals, growth in employer-based plans is increasing at a dramatic pace of 32% per year.<sup>5</sup> In 2000, Congress enacted legislation offering LTCI to all federal employees, the military, and their retirees.



Source: National Alliance for Caregiving/AARP (June 1997). *Family Caregiving in the U.S.: Findings from a National Survey*

This study addresses five major questions:

1. Will long-term care insurance affect the amount and quality of time spent caregiving?
2. Will long-term care insurance influence the probability of the family caregiver being able to work?
3. Will long-term care insurance affect the level of stress or isolation experienced by the caregiver?
4. Will long-term care insurance influence the extent to which working caregivers experience job disruption?
5. Will long-term care insurance better enable caregivers to render care when and how the insured older person wants it?



## METHODOLOGY

This study aims to isolate the effect of long-term care insurance from other important influences on family caregiving by analyzing the 1997 national caregiver survey by the National Alliance for Caregiving and AARP, the 1989 Caregiver Supplement to the National Long-Term Care Survey and the 1999 Private LTC Insurance Panel. This last panel consists of caregivers of disabled individuals currently receiving benefits under their LTCI policies. The subsets from the national caregiver survey and the Caregiver Supplement to the National Long-Term Care Survey consist of primary caregivers of disabled individuals who are not privately insured. The study focuses only on the family caregivers of disabled people 65 and older who are living in the community and have at least two limitations in Activities of Daily Living (ADLs)—those basic activities such as bathing, dressing, and feeding necessary to everyday life, or who are cognitively

impaired and require ongoing assistance or supervision. The analysis consists of basic and cross-tabulations as well as multivariate logistic regressions in order to compare caregivers across all three datasets. The study sample breaks down as follows:

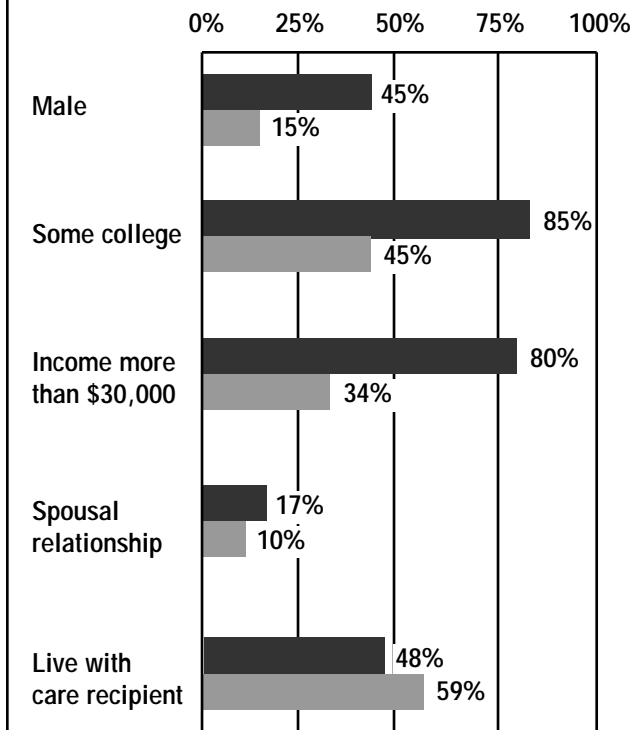
Table 1: Study Sample		
	All Caregivers in Category	Working Caregivers in Category
Caregivers of privately insured disabled person	374	130
Caregivers of non-privately insured disabled person	518	158
Totals	892	288



## DEMOGRAPHIC CHARACTERISTICS

As shown in Figure 2 below, working caregivers of people with LTCI tend to be older (average age 53) than working caregivers of people without LTCI (average age 48). They are much more likely to be male, to have some college education and to earn more than \$30,000 per year. They are also somewhat more likely to be caring for a spouse, and somewhat less likely to live with the care recipient.

**Figure 2: Demographic Characteristics of Working Caregivers by Insurance Status of Disabled Care Recipient**



Working Caregivers of Insured Elders (average age 53)  
 Working Caregivers of Non-Insured Elders (average age 48)



## CAREGIVING RESPONSIBILITIES

Caring for a functionally or cognitively disabled person is both challenging and time-consuming. It may disrupt the normal relationship patterns between family caregivers and their loved ones. Much of the time family caregivers spend with the person they are caring for is taken up by providing assistance with activities related to their disability. What suffers is the amount of quality time—time spent on activities not related to the disability—that family caregivers can spend with their disabled loved ones.

A question that has often been raised about people who have insurance is whether the benefits to purchase paid care will simply substitute for or complement family caregiving. It has already been demonstrated that among the general population of caregivers, insurance-financed benefits do not replace significant amounts of family caregiving.<sup>6</sup> The current study, which focuses on caregivers who are employed, also confirms these findings. On average, working caregivers who provide assistance to care recipients with private insurance spend only slightly fewer hours per week with the individual than those caring for the non-insured—24 hours rather than 27 hours. This difference is not statistically significant, suggesting that for the most part, insurance-financed care does not substitute for family caregiving.

### ■ Disability (Frailty) Status of Care Recipients

Although the level of caregiver effort does not appear to differ greatly by the insurance status of the care recipient, there are significant differences in the disability profile of care recipients: those who are privately insured are less likely to be cognitively impaired (for example, have Alzheimer’s Disease or other dementia) but they do have more limitations in Activities of Daily Living (ADLs). The care recipients with LTCI have an average of 3.8 ADL limitations versus those without LTCI who have 2.7 ADL limitations. Overall, this means that the former group is considerably frailer than the latter, and, to have their needs met, would require more hands-on care, whether by paid or family caregivers.



## CAREGIVERS' ABILITY TO STAY IN THE WORK FORCE

Caregiving for someone with significant disabilities can place great demands on a caregiver's time. Therefore, it is not surprising that there are working-age individuals who leave the labor force to care for a loved one. Yet other working-age individuals are able to continue to work while providing care. To better understand this, two questions were asked: What factors make it possible for a caregiver to remain in the workforce, even when providing significant care to a disabled individual? And, will there be a positive effect on a caregiver's ability to continue working if the care recipient has private long term care insurance?

To explore these questions, an analysis was conducted to estimate the independent effect of caregiver and care recipient characteristics — including whether a care recipient is insured — on the probability of being in the workplace. Estimates are calculated based on the average value of each of the specific characteristics (e.g., gender, age, insurance status, income, etc.) of caregivers and care recipients observed in this sample.

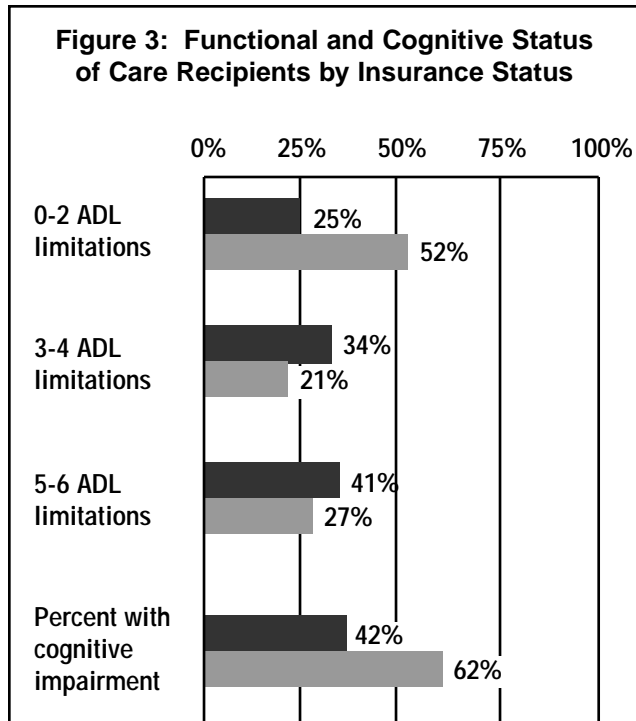
The study found the following factors related to a caregiver's ability to work:

### ■ Disability Status (Frailty) of Care Recipient

Caregivers for more disabled older people are less likely to be able to work. This is not surprising given the increasing care needs associated with greater levels of disability.

### ■ Relationship to Care Recipient

A caregiver who is not a spouse is much more likely to be in the workforce than a caregiver who is a spouse. In fact, a non-spousal caregiver is 2.4 times more likely to be in the labor force as is a spousal caregiver.



- Working Caregivers of Insured Elders (average ADL limitations 3.8)
- Working Caregivers of Non-Insured Elders (average ADL limitations 2.7)

Note: The minimum disability threshold for inclusion in the sample is having at least two or more limitations in Activities of Daily Living or being cognitively impaired as measured by medical diagnosis or scoring on the Short Portable Mental Status Questionnaire.

### ■ Caregiving and Quality Time

An analysis of the tasks and time spent by working caregivers in this study shows that those caring for someone with private insurance spend more quality time offering companionship and meeting the emotional needs of the elder. Less time is spent providing hands-on assistance for basic living activities. This holds true despite the greater level of care that the insured care recipients require. Thus, LTCI results in fewer hours of hands-on care by family caregivers but more quality time. This qualitative difference can have a positive impact on both the care recipient and the caregiver.

■ **Education Level**

College-educated caregivers are more likely to be in the workplace than those without college education. Caregivers with less than a college education are only half as likely to be in the workforce. This finding mirrors trends in the general population relating to labor force participation.

■ **Length of Time Caregiving**

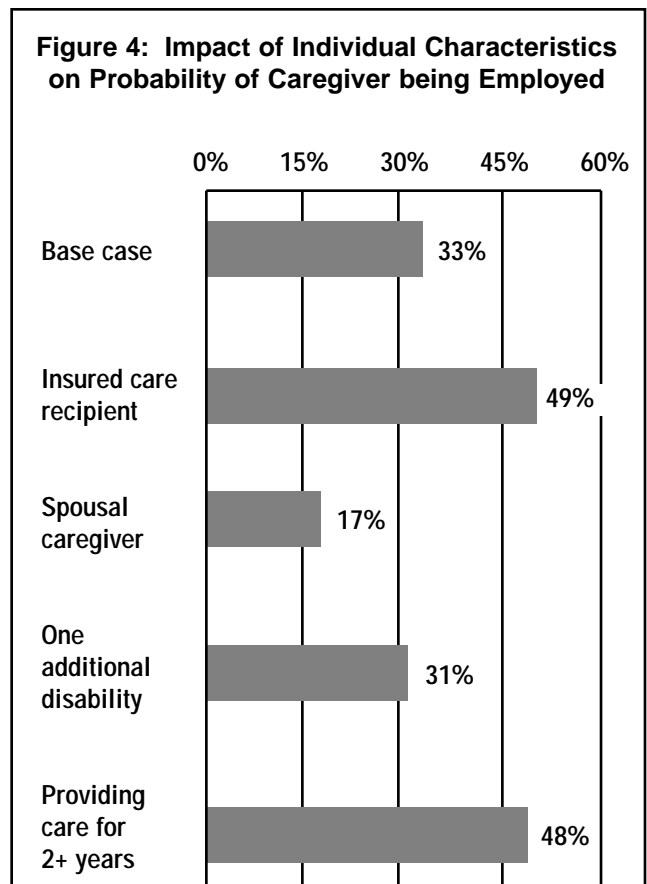
Caregivers providing care for more than two years are only half as likely to be in the workforce as those who are providing care for fewer years. This may be because the older person gets progressively sicker and requires more care over time. Or it may be that either the caregiver or the employer is no longer comfortable with having to make multiple workplace accommodations in order to meet caregiving responsibilities.

■ **Insurance Status of Care Recipient**

Those caring for disabled elders with private LTCI are nearly two times more likely to be able to work than are those caring for non-insured individuals. The presence of private insurance enables families to purchase paid help, which complements the help provided by family caregivers.

To illustrate more concretely the impact of insurance on a specific caregiver’s ability to remain in the workforce, a “base case” caregiver was designed from the study sample. This caregiver is a working female under age 65 with less than a college degree, caring for a non-privately insured disabled elder for more than two years. Figure 4 to the right shows the impact of various changes in caregiver and care recipient characteristics on the ability to work of this base case caregiver. As shown, a care-giver with these particular traits has

a 33% chance of being in the workforce. The chart shows the greater or lesser probability of caregivers being in the workforce in comparison to the base case. With all other variables held constant, if the base case caregiver provided assistance to a privately insured disabled elder, the probability of being in the work force would increase from 33% to 49%.



Base Case: Under age 65 female spousal caregiver with less than a college degree caring for a non-privately insured disabled elder for more than two years who has eight limitations in ADLs and IADLs. (IADLs are Instrumental Activities of Daily Living which include such things as shopping, doing housework, doing laundry, transportation, cooking, administering medications and managing finances).



## FACTORS INFLUENCING JOB DISRUPTION AMONG WORKING CAREGIVERS

Even a family caregiver who remains in the workforce may need to take time off without pay or work fewer hours due to caregiving. At the extreme, he or she may even have to quit a job. Furthermore, the demands of caregiving may keep caregivers not currently in the labor force from looking for work outside of the home or accepting a job they would otherwise have taken.

The study found that long-term care insurance reduced the following job disruptions:

### ■ Working Fewer Hours Than Desired

A family caregiver caring for a privately insured severely disabled elder (for example, one with three or more ADL limitations and at least five or more IADL limitations) is less likely to have to work fewer hours than desired than if the recipient had no LTCI. On the other hand, family caregivers assisting moderately disabled insured individuals are more likely to work less than they want than caregivers of non-privately insured and moderately disabled elders. This suggests that the insurance has its most positive impact on caregivers of the more seriously disabled.

### ■ Taking Time Off From Work Without Pay

Sandwich Generation caregivers, those who also have children in the home under the age of 18, are most relieved from the necessity of taking time off without pay if they are caring for someone with private LTCI. Sandwich Generation caregivers of insured care recipients are only 26% as likely to have to take leave without pay as are those of non-privately insured disabled elders. Though not statistically significant, the study also found that caregivers of the privately insured take 16 days off without pay whereas those assisting the non-privately insured take 26 days off without pay.

On the other hand, LTCI did not appear to have an effect on the following disruptions:

### ■ Being Kept from Looking for a Job

Individuals who are no longer in the workforce may continue to have work-related caregiving issues. About 15% of the caregivers in the sample indicated that they had been kept from looking for a job because of their caregiving responsibilities, a figure unaffected by the insurance status of the care recipient.

### ■ Turning Down a Job Due to Caregiving

Only a relatively small percentage of caregivers reported having to turn down a job because of their caregiving activities. The insurance status of the care recipient did not influence the probability of this happening.



## FACTORS INFLUENCING STRESS AMONG WORKING CAREGIVERS

Providing care to a disabled elderly friend or relative can have profound effects on the caregiver's physical and emotional health. Caregiving can be a significant risk factor for some people in developing depression.<sup>7</sup> Also, recent research suggests that mental or emotional strain experienced by the caregiver is an independent risk factor for mortality, particularly among elderly spousal caregivers of people with Alzheimer's disease.<sup>8</sup>

In a 1999 study, most caregivers (68%) felt that the presence of insurance-financed benefits for the care recipient had reduced the stress level due to family caregiving.<sup>9</sup> In this study, researchers focused on working caregivers and gauged caregiver stress by asking respondents whether they agreed or disagreed with the following five statements:

1. Taking care of him/her is hard on me emotionally.
2. I have to take care of him/her when I don't feel well myself.
3. Taking care of him/her limits my free time or social life.
4. I have to give him/her my constant attention.
5. Taking care of him/her has caused my health to get worse.

If a caregiver agreed with three or more of these statements, he or she was considered to have severe social stress. The 1999 study found that, controlling for other important factors related to caregiving stress (e.g., the level of disability of the care recipient, living arrangement, work status, amount of work disruption), the working caregivers of disabled elders with private insurance are less likely to agree with statements 2, 3, and 4.

The present study found the following characteristics associated with severe social stress among all family caregivers:

#### ■ **Gender of the Caregiver**

Women are about 1.8 times more likely to experience three or more stressors than men.

#### ■ **Co-Residence**

When caregivers and care recipients live in the same household, there is a much greater likelihood that the caregiver will experience severe social stress.

#### ■ **Hours of Care**

Caregivers reporting more than 20 hours of caregiving per week are slightly more than twice as likely to experience severe stress as are those providing less care.

#### ■ **Job Disruptions**

To the extent that working caregivers experience job disruptions (e.g., having to rearrange their schedule, take time off, or having had to quit a previous job for caregiving), they are three times more likely than working caregivers who do not have job disruptions to experience severe stress.

#### ■ **Disability Status (Frailty), Cognitive and Health Status of Care Recipient**

As the care recipient requires assistance in more Activities of Daily Living, the stress level of the caregiver rises. A caregiver providing assistance to a person with Alzheimer's disease or respiratory ailments is 1.7 times more likely to experience severe social stress than caregivers of people without these illnesses.

#### ■ **Insurance Status of Care Recipient**

Caring for an elderly disabled person can be stressful to those who juggle work and family responsibilities. A working caregiver who provides assistance to a disabled elder with LTCI is slightly less likely to experience severe stress than a working caregiver of a non-insured individual, even if the insured older person is more disabled.



## FACTORS INFLUENCING REPORTED LEVELS OF UNDERMET NEED AMONG CAREGIVERS

The effectiveness of caregiving (both paid and family) bears directly on a disabled individual's ability to live independently in his or her home for as long as possible. The present study examined whether family caregivers' work status affects care recipients' perceptions about whether their ADL needs are being adequately met by focusing on the concept of "undermet need." An undermet need is present when an individual indicates that he or she could use more help or believes that he/she had to wait too long to receive help. An undermet need in ADLs may result if caregivers are not available when the need arises. (A related study documented the fact that care recipients with long-term care insurance are no more or less likely to report undermet ADL needs than are their non-insured counterparts).<sup>10</sup>

The current study shows that, among the sample of working caregivers of privately insured care recipients, whether or not a caregiver works has little to do with whether the older person reported undermet need.\* This suggests that when a disabled individual receives insurance benefits to pay for professional services, whether or not the family caregiver remains in the labor force does not affect the perceived quality of care as measured by the reported level of undermet need.

*\*Due to limitations in the data, it was not possible to test this hypothesis on the sample of working caregivers of the non-privately insured.*



## CONCLUSIONS

Some of the most important results include:

- Holding other factors constant, those caring for disabled elders with long-term care insurance are nearly two times as likely to stay in the workforce than are those caring for non-insured disabled individuals.
- Insurance-financed care does not result in a significant reduction in the time working caregivers devote to caring. However, working caregivers of those with long-term care insurance devote more "quality time"—more companionship and less hands-on assistance with basic living activities than those without.
- Caring for someone with long-term care insurance can reduce certain work disruptions among working caregivers. Sandwich Generation caregivers and those caring for very disabled elders are most likely to benefit.
- Long-term care insurance can reduce certain "social" stresses among working caregivers, i.e., the feeling that caregiving interferes with their emotional/social well-being or health.
- Insured care recipients do not report a difference in the adequacy of family caregiving due to the work status of the family caregiver. The level of reported undermet ADL need among insured care recipients with working and non-working caregivers is similar.

Long-term care insurance appears to play an important role in keeping caregivers in the workforce and in reducing certain workplace disruptions and social stresses. This may be very significant for employers who are looking at corporate eldercare and policymakers who want to reduce the negative economic effects of caregiving. Additional research on workplace, caregiving, and insurance issues will provide more knowledge about how to support family caregiving and meet the needs of working caregivers.



## CITATIONS

- <sup>1</sup> National Alliance for Caregiving/AARP (1997). *Family Caregiving in the U.S.: Findings from a National Survey*.
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- <sup>6</sup> U.S. Department of Health and Human Services and Robert Wood Johnson Foundation (1999). *A Descriptive Analysis of Patterns of Informal and Formal Caregiving among Privately Insured and Non-Privately Insured Disabled Elders Living in the Community*.
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- <sup>10</sup> U.S. Department of Health and Human Services and Robert Wood Johnson Foundation. (2000). *Multivariate Analysis of Patterns of Informal and Formal Caregiving among Privately Insured and Non-Privately Insured Disabled Elders Living in the Community*. Final Report.



## FOR MORE INFORMATION

- **Mature Market Institute**  
MetLife  
57 Greens Farms Road  
Westport, CT 06880  
203-221-6580  
203-454-5339 fax  
MMI\_MetLife@metlife.com
- **National Alliance for Caregiving**  
4720 Montgomery Lane, Suite 642  
Bethesda, MD 20814  
[www.caregiving.org](http://www.caregiving.org)
- **LifePlans, Inc.**  
51 Sawyer Road  
2 University Office Park, Suite 340  
Waltham, MA 02453-3485  
781-893-7600  
781-893-6905 fax  
[www.lifeplansinc.com](http://www.lifeplansinc.com)

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