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Presenteeism

A Method for Assessing the Extent of Family Caregivers in the
Workplace and their Financial Impact

By David J Levy, JD CCE

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A Method for Assessing the Extent of Family Caregivers in the Workplace and their Financial Impact

One of the great social enigmas of the past 10-15 year has been the recognition that tens of millions of working Americans are family caregivers however, there has been no way to effectively identify their true number in the workplace. This failure to self-identify and the desire to remain “invisible” is the need to protect their jobs, retirement and essential well-being due to their fear that asking for help will typecast them as a worker who doesn’t give the company 100%. Family caregivers are showing up for work, “perfect attendance”, but they are dealing with their family caregiver/health issues on the employer’s time - presenteeism. While absenteeism can show much of the direct costs of caregiving (sick time, time off, reduced work hours, early retirement), presenteeism shows the indirect costs and they a multiple of absenteeism costs totaling in the \$100’s of billions. The overall stress of family caregiving causes a unique cluster of five symptoms and illnesses. Those top five illnesses match the top five found in workers participating in the American Productivity Audit - a major, ongoing investigation of productivity and presenteeism in the workplace. This correlation by illness allows a better ability to identify and assess the true extent of family caregivers in the workplace. Due to the enormous financial impact caregiver presenteeism places on the bottom line, this is an issue that needs recognition at every level of corporate management. To stem workplace presenteeism, the corporate culture and existing eldercare programs must be critically reevaluated and replaced with a more caregiver tolerant corporate mind set and supportive programs that are meaningful and effective.

Highlights

- Tens of millions of working Americas are family caregivers but have remained invisible in the workplace.
- The working family caregiver leaves home every workday but they do not leave their caregiving issues at home. They come to work preoccupied with family caregiving and health issues. They secretly deal with those issues at work.
- This resulting loss to productivity from employees who show up for work, but are preoccupied is called – presenteeism. Presenteeism results in employers losing as much as 10 times the workplace productivity as it does from absenteeism.

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- Presenteeism productivity losses are based on; indirect costs of workers managing daily caregiving tasks from their desk, lack of initiative due to redundant caregiving problems and a failure to focus on, and successfully perform, workplace tasks due to chronic, low level, caregiver-related illnesses.
- Traditionally, workplace caregiver studies have been done by questionnaire and telephonic polling using <2000 self-identified caregivers who retrospectively assess their long term workplace impact from caregiving. The results are adjusted for the broader marketplace (margins of error and ethnic and gender balancing). This methodology typically aggregates direct costs associated with identifiable lost time and observable absenteeism. Its major flaw is in accurately identifying all caregivers, as many remain hidden due to fear of exposure and categorization as workers who don't give 100% and with potential loss of promotions, salary bonuses and/or their jobs.
- The American Productivity Audit (APA), an ongoing study focused on workplace productivity/presenteeism, uses a pool of >29,000 participants, a portion of whom are polled bi-weekly. The Audit never asks participants if they are family caregivers. Their research reveals that the top five health conditions for worker presenteeism are: headache/back pain, cold/flu, fatigue/depression, digestive problems and arthritis.
- The APA reveals that a majority of lost productivity time based on these health conditions is invisible to employers because it occurs "on the job." - time missed at work; not time missed from work!
- Extensive family caregiver health studies over the past 20 years have continually reported depression/fatigue, chronic stress, anxiety, head and backaches and stomach/intestinal disorders as their top five disorders.
- The reported illnesses for both groups are virtually identical. These illnesses are underreported in the workplace as they are neither readily seen in claims data audits nor typical of conditions targeted by disease management programs.

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- Using these illnesses may be a more inclusive measurement for the true extent of caregivers in the workplace and a more accurate basis for assessment of their indirect costs.
- Family caregiving is typically a 3-5 year event and as high as 10+. It is rarely crisis management. Rather, it is a serious, long term, day-to-day effort that is counterintuitive, complex and confusing. No prior experience is adequate preparation for the extent of family caregiving or emblematic of the depth of problematic and ethical issues being raised. The illnesses shown are typical of the physical reactions to the unending task family caregiving presents.
- The California Public Employees' Retirement System (CalPERS) reported more than a third of the State of California workforce reported physical and emotional strain created by family caregiving responsibilities.
- A major driver of family caregiving is chronic illness. Presently 125 million Americans have at least one chronic illness; 60 million two or more. By 2020, the 125 million will grow by 25% to 157 million. Conservative estimates project family caregiver totals in the range of 35-40 million and rapidly rising.
- The July 2006, NAC/MetLife Study estimated close to 16 million full time caregivers in the workplace. Their approach was to poll for self-identified caregivers and was based on absenteeism/partial absenteeism estimation. Using the illness approach, the extent of caregiving based on national chronicity statistics, it would be reasonable to estimate that there are 25-30 million family caregivers in the workplace.
- The APA revealed an average annual loss per U.S. worker of 115 productive hours due to presenteeism at a cost to employers of \$180+ billion per year. Failure to calculate the costs of presenteeism is a major disconnect in evaluating the real cost of caregiving to a company's bottom line.
- Workplace eldercare programs are patient-focused, clinical services for the patient. These include care assessments, referrals to facilities and geriatric care managers etc. It also makes the issue one of eldercare only. Chronic illness

requiring caregiving responsibility occurs at any age from early childhood through the boomers. The programs do not directly support family caregiver issues - problem solving, advocacy, emotional support, ethical caregiving, long term planning and expectation management. It is usually in the form of crisis management. Family Caregivers need to first be engaged by a live, caregiver trained, non-judgmental human to establish a “competent authority relationship” and understand what they are really asking. Data based referrals or websites and blogs with lists of lists and articles rarely related to a caregiver’s specific needs and often cause more confusion than they help solve.

- Both the existing workplace “caregiver culture” and the “programs” offered need to be substantially revamped to allow working family caregiver to self-identify, seek help and begin to mitigate the enormous hidden costs of caregiver presenteeism on the employer.

Presenteeism

A Method for Assessing the Extent of Family Caregivers in the Workplace and their Financial Impact

The Work & Family column of the *Wall Street Journal*, December 26, 2002, in acknowledging the family caregiver states, "Family caregivers will draw the spotlight as pillars of the nations long-term care system, as the number of frail elderly rises in the coming decade, caregiver issues such as depression, rising out-of-pocket expenses and a need for training will take center stage." That statement has been reinforced annually.

In 2005, The President's Commission on Bioethics in its watershed Study: *Taking Care; Ethical Caregiving in Our Aging Society* stated, "A looming explosion in the population of frail and elderly persons is pushing the U.S. toward a crisis in caring for the aged ... and causing huge cultural shifts as tens of millions more working-age Americans become caregivers for elderly parents."

Daily, the major media present an unending stream of issues and problems that an aging American presents and the issues confronting those tasked with the responsibility of taking care of a chronically illness family member, significant other, or loved one. Never before have so many been so unprepared to undertake so much. The demographics don't lie, America is rapidly transforming into a mass geriatric society. Age-based demographics cannot be re-set; they are history waiting to happen. No magic bullet can halt it and those who run from it will be caught up in it nonetheless.

As a result of a tremendous disconnect between understanding the true needs of working caregiver caused by huge gaps in Employee Assistance Program (EAP) thinking, corporate caregiving stereotypes, failure to recognize caregivers and a failure to offer them a significant value proposition to step forward and get help, the system is very grossly inefficient and ineffective. The typical corporate mentality says, "If we can't find the caregiver then maybe they really don't exist. If they do exist, we will have our benefits department engage an "eldercare" program and offer some flex time. We then have done all that we are supposed to do." To say that millions of working caregivers don't exist, or leave their issues at home and don't bring them to work is foolhardy at best and egregiously ignorant at worse.

Family caregivers bring their stresses and issues to work and secretly try and deal with their day-to-day problems and crisis without alerting management to their "other agenda." They fear being identified as an employee with a long term problem outside of work because it may affect work recognition, promotions, bonuses and employment itself. Their work productivity losses are constant and significant.

The American Productivity Audit (APA) conducted by Advance PCS (now Caremark) has been conducting an ongoing productivity/presenteeism workplace analysis using a pool of >29,000 workers since 2001. The wide variation of people, geography, company size, ethnicity, etc makes this Study extremely accurate without the need for confounding, margins of error and small pool adjustments.

They contact portions of the pool at regular intervals to assess their productivity and health issues from the previous two weeks. The health issues of a significant portion of that pool are a virtual identical match those of family caregivers.

The top five conditions alone -- headache/pain, cold/flu, fatigue/depression, digestive problems, and arthritis -- cost employers more than \$180 billion annually. These are the first national estimates that capture the number of hours that U.S. workers lose when they are at work but unable to perform due to health conditions -- often called "presenteeism" -- as well as the hours they are absent due to illness. Although presenteeism accounts for more than two-thirds of health-related lost labor costs, the impact is often invisible to employers

The Journal of Occupational and Environmental Medicine (2007) reported the findings of the American Productivity Audit in an article entitled *Fatigue in the Workplace Is Common and Costly*, and based on interviewing a now expanded pool of 29,000 employed adults They reported that over 38% reported serious fatigue while on the job. The new study is the first to focus specifically on the rate of fatigue in U.S. workers, and its relationship to worker productivity. This is a serious amplification of the fatigue reported above and the financial costs are staggering.

Recognizing these relationships, it may now be possible to get a much more accurate picture of the extent of family caregiving in the workplace. If so, the ability to apply sound mathematics to the data should allow an even better quantification of the real financial impact of working caregivers.

If the financial impact is as significant as projected, then employers and the workplace are bearing the direct brunt of workplace caregiving on their bottom line. If it is that expensive, then the existing eldercare and flex time programs really aren't working. One of the reasons end-user eldercare programs miss the mark for the working caregiver are the services offered. Typically, clinical they are not focused on the working caregiver - the real worrier and workhorse - a daughter or son or other loved one in the workforce. There problems need a different approach, integrating problem solving, emotional support, ethical caregiver guidance and in-depth expectation management for the realities of the long term obligations they are undertaking.

Essentially, a valued employee is showing up for work, but not maximally productive because of a myriad of issues many of which are the logistics and implementation of family caregiving solutions. They have no idea how to assess, engage or resolve those issues and the workplace isn't helping. Not only aren't

the programs working, but there is caregiver bias from management that keeps these workers hidden.

Presenteeism

1. The Health Promotion Research Advocate (HERO) (1998) Vol. 1, No. 1, "The productivity research challenge of the new millennium is the measurement of 'presenteeism'...employees who are at the worksite regularly, but for a variety of reasons, are not producing as they should."
2. Clark A. Marcus in a recent Journal of Work/Life (2002) described it well, "Presenteeism signifies that a number of employees, even those with perfect attendance records on the job, are nonetheless working with impairments and disabilities causing them to work less efficiently, resulting in employers losing as much as 32 times productivity from Presenteeism as from Absenteeism."
3. The Health Coalition of Tampa, Florida (1999) based on an analysis of 17 diseases, "...found that lost productivity due to presenteeism was, on average, 7.5 times greater than productivity lost to absenteeism." "For some conditions...- the ratio was 15-1, 20-1, or even approached 30 to 1."
4. Managed Care Magazine (2003) reported that, "...Presenteeism is a larger productivity drain than either absenteeism or short term disability. Given the seriousness of the situation, then, employer's large and small need to take a proactive stance."
5. Throughout 2006, industry publications, benefits groups, EAP providers have all talked in terms of the flu and don't come to work sick and have defined presenteeism from that perspective. The sick person at work is identifiable, is sick for a week or so and returns to work. The family caregiver comes to work everyday and deals with their caregiving issues everyday. Family caregiving based presenteeism occurs in the workplace everyday the caregiver is at work.

Size of the family caregiver pool

How big is the family caregiver marketplace? The American Association for Caregiver Education (AACE), 2002, conducted a survey for a major healthcare concern on the size of the family caregiver marketplace. The abstract to that study is set forth below. AACE recently updated that survey (2006) and found that its estimates from 2002 were still highly accurate. Other surveys by the National Alliance for Caregiving (NAC), National Family Caregiver Association (NFCA), American Association of Retired Persons (AARP) and MetLife in the last 24 months reinforce the statistics.

“The size of the American family caregiver marketplace varies with the definition of family caregiver and the age pools being counted. Further it is a direct function of the number of persons suffering from chronic illness. Over the last five years a number of federal, state and private studies have been conducted. Extrapolating these works and studies on chronicity, it is safe to assume that an active family caregiver group of 35-40 million exists today and swell to 50 million in the next 20 [15] years.”

Family caregiving is driven by the extent of chronic illness. The Partnership for Solutions (May 2002) *Public Concerns: Caring for People with Chronic Conditions* The National Chronic Care Consortium (NCCC) a partnership of John’s Hopkins University and the Robert Wood Johnson Foundation (RWJ) found, “The original (1997, RWJ) estimate for persons suffering from chronic illness in America was 100,000,000 people by 2000 and 167,000,000 projected for 2050; these have now been substantially revised upward to 125,000,000 in 2002 and 157,000,000 by 2020.” The latest data from the CDC’s National Center for Health Statistics (2006) show that 30 percent of U.S. adults 20 years of age and older—over 60 million people—are obese and current data indicates that the situation is worsening rather than improving

Workplace family caregivers are dealing with more than the elderly

If one were to subtract the entire elder population (those above 65 – 35 million) from 125 million chronically ill, there are 90 million persons with at least one chronic illness who by definition are not elderly. Assume at this point that 75% of them do not require caregiving, this leaves 22.5+ million, non-elders today that do; and millions of new care recipients are “waiting in the wings”. With the total number expected to grow from 125 million to 157 million (almost a 27% increase) in less than 15 years, it is obvious why America will soon require 50 million caregivers. With the need for families to stay employed longer and the proliferation of two worker households, family caregivers in the workplace are underreported. If we remove 10 million caregivers as non-working and/or elderly, spousal caregivers, upwards of 25-30 million family caregivers are presently in the workplace.

Why we cant outpace the problem

1. In 1997, Dr. Peter Arno, a medical economist at the Albert Einstein School of Medicine, estimated the annual market value of “free” family caregiver services at \$196 Billion. In 2002 it rose 24% to \$257 Billion. Applying his conservative assumptions, (40 million family caregivers working 20 hours weekly and “paid” \$8.81 per hour) the just released estimate for uncompensated services for 2006 are \$306+Billion. This is almost twice the \$165 Billion combined value of actual costs for nursing homes and paid home care.
2. The “free” services were equal to 20% of the total 2002 US healthcare expenditure of \$1.3 Trillion dollars. In 2003, health care spending in the

United States reached \$1.7 trillion, and was projected to reach \$1.8 trillion in 2004. A conservative estimate for 2005 would be \$1.9 trillion of which unpaid family caregiver services still equaled 20% of the healthcare budget.

3. Bottom line, there is no way to find and train millions of third parties to perform the tasks of family caregivers. Nor, would there be a ready market of competent and reliable persons to work at virtually minimum wage in a thankless and unending job. Further, where would the money to pay them come from?
4. This is a problem that the American public owns and it cannot be out-placed to third parties. Family caregivers desperately require help in figuring out what to do. If the workplace doesn't respond with real, long term support and help it will continue to suffer as the caregiver struggles to "figure it out" at work.
5. The personal financial impact is severe. The Hospital Conference Board of New York estimated a family caregiver personally loses \$657,000 over a lifetime due to lost wages, lost social security contributions, lost pension and 401K contributions as well as rising out-of-pocket expenses. They need to stay hidden in the workplace or there will be little for their own retirement. Those numbers grow as the worker ascends in value in their workplace.

Family caregiving and personal health

Family Caregiving directly affects personal health. The American Association for Caregiver Education (AACE) (May 2002) review of the literature research paper *Family Caregiving in America: Implications for Effective Caregiver Support*, (updated, 2005) cites numerous sources that, "Family caregivers are at high risk for depression, chronic stress, anxiety, head and backaches and stomach/intestinal disorders."

1. This analysis will not dwell on clinical depression or stress or the other cited caregiver ailments. However, there have been numerous studies linking caregiver depression to productivity. A recent example, Yale University (May, 2002) published a study entitled Present and Unaccounted For: Study Links Depression and Reduced Productivity at Work. "Employers have longed coped with employee "absenteeism", or workers staying off the job for a variety of health or personal reasons. Now researchers at Yale University have found that "presenteeism" is a more significant problem involving depressed employees."
2. Psychiatric Times: Effects of Stress on Family Caregivers: Recognition and Management (June 2006) discussed the stresses on caregivers, especially those helping family members with Parkinson's disease, dementia and Alzheimer's disease (AD). The study reported that 36

percent of caregivers who were not seeking help had clinical depression, and that 7 percent of caregivers suffered from current major depression (versus 1 percent of non-caregivers). The chronic stress of caregiving hurts caregivers' immune systems. Caregivers suffer a 15 percent lower rate of antibody responses, and a 23 percent higher level of stress hormones than non-caregivers.

3. Chronic stress has also been widely reported. Recently, Recruiters World Special Reports, (2003) *Stress in the Workplace*, by Barbara Parton, reported after conducting numerous organization-wide stress audits that, "...the majority of employees were not suffering from workplace stress, but considerable home-life stress."
4. The Journal of Occupational and Environmental Medicine (2007) cited the rate of lost productivity for all health-related reasons was also much higher for workers with fatigue: 66 percent, compared with 26 percent for workers without fatigue. For U.S. employers, fatigue carried overall estimated costs of more than \$136 billion per year in health-related lost productivity—\$101 billion more than for workers without fatigue. Eighty-four percent of the costs were related to reduce performance while at work, rather than absences (presenteeism).
5. Every major source citing symptoms of depression describes fatigue as one of the major ones. APA and caregiver research lists both depression and fatigue as top five symptoms. While not every instance of depression and fatigue is caused by family caregiving, the nature of caregiving, with its lack of understanding and support, loneliness, frustration and a myriad of other issues readily create the opportunity for depression. The JOEM Study also cited that this fatigue was not "physical fatigue", but generated from stress.
6. The APA average age of employees interviewed was 48 years. This age, coincides with the historic National Alliance for Caregiving and AARP (1997) *Family Caregiving in the US: Findings from a National Survey*, which stated that the average age of the family caregiver was a 47-year-old female and the newer Met Life Study (2003) *Sons at Work: Balancing Employment and Eldercare* showed the typical working male caregiver as age 48.

The JOEM profile of the fatigued worker is, with adjustment for other factors, described as, "more common in women than men and in white workers less than 50 years old." This description is totally consistent with every working caregiver profile reported. Further, these are also workers with "high-control" jobs. They have relatively well-paid jobs with decision-making responsibility. These are the workers who are reporting these higher rates of fatigue. The profile is consistent with executive and management level jobs and in line with age and time in the workplace.

Family caregiver ailments

The APA is conducted at its Center for Work and Health. The work is ongoing.

The APA methodology is to conduct its national survey from a pool of >29,000 U.S. workers. Portions of the pool are randomly contacted and interviewed for at least 15 minutes. APA collects information on the immediate past two weeks health issues, missed days of work, reduced on-the-job-performance, salary and demographic information. It does not ask them if they are family caregivers.

1. Dr. Walter F. Stewart. PhD, M.P.H, Director, Center for Work and Health, says, “The APA finding are unique in that they capture data on the entire U.S. workforce – not simply selected employers – include information about absenteeism and presenteeism and cover health conditions that have impacted on work.”
2. The Study showed that. “... the top five conditions are: headache/pain, cold/flu, fatigue/depression, digestive problems and arthritis and they cost employers \$250 billion in lost productivity. \$180 billion of that is due to presenteeism” (Emphasis added). Since this study, the above referenced 2007 study on

The California Public Employees Retirement System (CalPERS) and Total Health Advocacy Partners, sic (THAP!), sponsored a *Productive Workforce Study, August 2001*. The Survey was multi-sectioned with absenteeism being separate from Work/Life. The findings are extraordinary and the information is so compelling, that the opening section is repeated here verbatim.

“One third of respondents said employee personal health concerns and dependent health concerns were the top reasons employees were not able to focus on their job while at work. Family and dependent care issues have substantial and continued impact on employee productivity in the workplace. Currently, there are more dual wage-earners, more single-parent households, and more elderly who depend on employees for care and support than ever before.

In a more recent CalPERS Work and Family Report, (2003) more than a third of the State of California workforce reported physical and emotional strain created by care-giving responsibilities. Time off for family member illness was the top family care issue of those surveyed.”

One third of the national workforce estimated by the Bureau of Labor at 130 million workers equals 40+ million working family caregivers. The percentages speak for themselves. While some may reject the idea that one third of the workforce are family caregivers, the CalPERS study extrapolates from highly accurate historical data.

The relationship between family caregiving and presenteeism

The findings of the APA regarding presenteeism-related illnesses and the numerous cited sources describing the family caregiver's most predominant health issues show them to be virtually identical. Has presenteeism finally given us the ability to assess the number of family caregivers in the workplace and a way to measure the real cost to workplace productivity? It would appear that one third of the workforce is dealing with a family caregiving situation and it is affecting them physically and emotionally. The recently published MetLife Caregiving Cost Study: (July 2006 *Productivity Losses to U.S. Business*) puts the total number of all employed caregivers with full-time caregiving responsibility at 15,933,000. Using the APA Study with a health symptoms identifier rather than a caregiver self-identification methodology reveals the number may well be double that. The increase is due to finding the hidden employed caregiver as well as those who may not yet be full time caregivers, but nonetheless add to the presenteeism total.

Why we haven't seen this before now

The APA, in the Section *Techniques Used for Dealing with Work/Life Issues*, makes a cogent observation, "Interestingly, only a few of the strategies used to address work/life issues, such as flexible work arrangements, wellness programs and nurse case management, relate directly to what employers claimed were critical issues facing their employees, such as employee or dependent health." Solutions for day-to-day family caregiving issues in the workplace are not being met.

Effective family caregiver education and support is critical. Flex time without caregiver support is more time for the family caregiver to flounder, get anxious, depressed, sad, burnt out, have aches and pains and suffer from flu-like symptoms and then show up for work.

These family caregivers use their vacation and sick days to stay "unobserved" at work, said the CCH, Harris Interactive Study, (October 2002), "59% use vacation and personal days." That study further reported "33% of respondents cited personal illness as the main reason for absence; 67% cited non-personal illness reasons, but rather, "family issues; personal needs and stress".

Family Caregivers are only staying home when it gets too tough, but are using their own rest and respite days (vacation and sick) rather than be "absent". As a result, with little personal time to "recharge", family caregivers are slowly burning out. Our "pillars" of long-term care have very shaky foundations.

Employee Benefit News, (December, 2002) *Firms Press to Quantify, Control Presenteeism*, cites the APA Study findings on the five most common conditions for presenteeism. They commented that, "Obviously, these were not the typical diseases targeted by disease management programs, because they weren't ones we could target with claims data."

Why family caregivers don't self identify and seek help

Working family caregivers (dealing with care recipients of any age and/or any medical condition) have serious and ongoing issues. Why don't they come forward for help and support (assuming the right help was offered)? It is safe to say that in today's work environment, it is not a good idea to [self identify that you] have long-term issues affecting your ability to function at 100%.

Further, on the issue of self identification. A UPI Caregiving Report ((July 2006) indicated that "... [A] work environment with no security, downsizing and outsourcing -- and with employees reluctant to take a sick day or a vacation -- saying that you are responsible for taking care of someone who may get sick, or need hospitalization, or even need a ride to the cardiologist is career suicide.

Working family caregivers remain "invisible". Clark A. Marcus (previously cited) states,

"Like a wave of sand hitting a beachfront and eroding the shoreline, the wave representing age and the grains of sand representing employee productivity, a phenomenon now commonly known as "Presenteeism" is slowing and invisibly eroding the effectiveness of the American work force."

They remain "invisible" to protect their jobs, their retirement and their essential well-being. Family caregiver's in the workplace are a cunning and pervasive group whose strategy to "survive" employment is by sacrificing their employer's bottom line to secretly deal with family caregiving from the workplace.

In the workplace, caregiver ignorance, management repression, program ineffectiveness and stereotypes prevail. The generally accepted, but false assumption, on who family caregivers are and what working family caregivers really need for support has given little reason for family caregivers to "raise their hands" and make their selves known.

Recently, Stanford University Graduate School of Business 2006 (Harvard Business School Publishers) authors, Jeffrey Pfeffer and Robert I. Sutton, in their book *Hard Facts, Dangerous Half-Truths And Total Nonsense: Profiting From Evidence-Based Management*, made an interesting observation that "...[I]t is not the work, it's a loyalty test. If you use the metaphor that business is war ...then work is a battle. And if I am a manager I want to go into battle with someone I know I can depend on -- someone totally focused on my battle. The soldiers in Iraq don't get time off -- they're fully committed."

Hastings College of the Law; Work Life Law (July 2006) says it is discrimination to assume that there is an intrinsic lack of ability. They indicated that "Discrimination occurs when employers or supervisors assume that an employee will not be able to do certain jobs because of caregiving responsibilities or make it difficult for employees to combine their work and family obligations." One of the

future costs family caregivers may bring to the workplace will be discrimination litigation.

This leads to the bigger question. If the statistics clearly show \$180 billion in real losses are due to presenteeism, can industry afford continue to overlook this direct erosion of workplace productivity and continue the blatant discrimination that keeps it hidden?

Management's issue

What has been the problem in workplace recognition of this issue? Employee Benefit News, (Jan 2003) article, *CFO's Seek Link between Benefit Costs and Productivity*, cited a survey of 269 senior financial executives done by the Integrated Benefits Institute (IBI) in which they stated, "Brokers and benefit managers seeking high-level buy in...must express benefits costs, employee satisfaction and retention in financial terms meaningful to chief financial officers and other corporate executives," It went on to say that, "There is an important disconnect between the measures used to evaluate benefits and those used by CFO's for financial performance."

Thomas Perry, PhD and president of IBI in San Francisco said, " Until benefit managers express program performance in financial terms, few CFO's will understand the full contribution of managing health care for absence, presenteeism and disability management, disease management and wellness program to the bottom line."

What should CFO's look for? The Journal of Occupational and Environmental Medicine (2003) (Vol 43, No 1) in its special issue *Health Productivity and Occupational Medicine* said. "There are other methods and processes for impacting presenteeism, but the focus has to be on value, wellness and preventive care, not on price and out of pocket costs. Do not ignore associated indirect costs, which include lost work time seeking off site care, reduced opportunity costs and inconsistent product and service quality due to sub-par performance."

Presenteeism is expensive by any calculation. Now senior management and CFO's may have a better tool to quantify the indirect costs of caregiving.

Presenteeism mathematics

Employee Benefit News, (2002), in an article entitled, *Cost Reduction Hinges on Seeing the Big Picture*, cites C. Daniel Mullins, PhD, "Indirect health costs have been estimated at \$837 Billion annually, twice the estimated \$418 Billion for direct medical costs." It goes on to say, "Currently, medical decisions are made with little consideration for indirect costs because they are considered beyond the scope of decision maker's mandates. This needs to change."

Dr. Ronald C. Kessler, Professor, Harvard University, believes that, "...more information about the indirect cost of morbidity needs to reach employers and benefits managers." The article goes on to set forth that,

- "Experts describe two ways to estimate indirect costs and assign a monetary value to lost productivity. One is the "human capital approach" assumes that individuals have a life-long production potential; the value of which is their projected lifetime earnings.
- Another, the "friction cost method" assumes that a pool of ready workers can replace sick workers. Although the replacement workers may require training, and their productivity may initially be low, replacement costs can be factored into management equations."

There appears to be much simpler approach than the foregoing. In the APA they captured the data on the U.S. workers productivity loss. APA cites that, "On average, a worker in the U.S. loses 115 productive hours every year due to a health condition (including chronic, as well as episodic or chronic-episodic conditions). For any one condition, 70% - 80% of the lost time is concentrated in 20 to 35% of employees."

The APA states that for all health conditions (including chronic, in addition to episodic or chronic-episodic) the cost is \$250 Billion; *\$180 billion is due to presenteeism*. (Emphasis added) The total cost to employers in lost productivity is in the range of \$2,000 per worker per year. (125 million workers divided into \$250 Billion). Apportioning the hours to presenteeism ($70\% \times 115 = 80.5$ hours)

Another way of looking at the number is contained in the American Journal of Health Promotion (2001) (Vol. 4, No. 2), The lead article, *Health Promotion and Work Productivity* sets forth a very basic equation to see how to interpret the dollar value of the presenteeism created 80.5 hours.

In a company of 1000 workers each worker is expected to work an annual 2000 hours (50 weeks x 40 hours) minus any overtime and theoretically the company workforce of 1000 performs 2 million hours of work. If every worker loses 80.5 hours due to presenteeism ($1000 \text{ workers} \times 80.5 = 80,500$ hours), leaving 1,919,600 work hours - a reduction of almost 4.1 percent.

Assume that the productivity capacity of a worker is two (2) times their fully loaded salary (US Dept of Commerce, Bureau of Economic Analysis, 2006, First Quarter Gross Domestic Product). If the average salary is \$50,000* (See: Note) then productivity at 2x is \$50 per hour. ($\$50,000/2000 \text{ hours} = \$25 \times 2 = \$50$).

Therefore $\$50 \times 80,500$ presenteeism hours equals \$ 4,250,000 dollars of lost productivity. Said another way, the financial loss in this example is equal to the

full time, annual salaries of 81 management level workers or the salaries of 112 median level workers with a 16% payroll burden applied.

The APA states, 70% - 80% of the lost time is concentrated in 20% to 35% of employees the average of which (27.5%) is squarely within the accepted working family caregiver percentage cited by all relevant sources.

Using averages of the above examples, 75% of \$4,250,000 = \$3,187,500 of lost productivity due to presenteeism caused by 275 symptom identified working family caregiver. $\$3,187,500/275 = \$ 11,590$ of annual, lost productivity per working family caregiver.

If we divide the presenteeism productivity of \$11,590 loss by a 250 work day year it equates to \$46.36 per day. With a salary of \$25.00 per hour this equates to almost 2 hours of salaried time lost to presenteeism and almost 1 hour lost to productivity time. For a worker burdened with the direct aspects of managing the care of another and the inefficiency of their care burden induced illnesses, this seems reasonable. Since this is spread over all 275 caregivers some may spend 45 minutes per day others 3 hours and the time may be constantly adjusting up or down as circumstances dictate

* **Note:** With the average age of working caregivers being 47/48 (APA age is also 48); many are management level or highly experienced and skilled workers. Therefore, the 1Q 2006 median U.S. salary level of \$36,400 has been adjusted upward by 20% to \$43,680 and a 16% payroll burden applied to equal \$50,000.

The indirect cost of family caregiving expressed in terms of presenteeism in the workplace is extensive, expensive and must be addressed as the impact on the bottom line is far greater than expected. With the increase in chronic illness and working family caregivers, these costs will become more apparent to corporate auditors whose accounting for same may take a severe toll on company worth and shareholder value.

Conclusion

The “invisible” working family caregivers bring caregiver issues and caregiver-related ailments to the workplace everyday. They remain “hidden” to keep their jobs in a workplace culture that has no place for those with other problems no matter how worthy or socially redeeming. They deal with their caregiver issues at work, silently eroding productivity to fulfill a role that is ongoing. The ailments they suffer are low level, but pervasive, and constantly diminish their capability to give 100% attention to workplace requirements and perform them at full capacity.

This unobserved lost productivity is called presenteeism. Opposite from absenteeism - observable lost time away from work due to illness, injury and family leave – presenteeism is difficult to find and quantify but costs \$100's of billions annually.

Prior workplace caregiver surveys have required caregivers to “self-identify” in order to poll best remembrances of their perceived impact on the workplace. This

retrospective details; at-work time spent caregiving, time lost from late arrival and early departure, inappropriate use of sick days and ailments and illnesses that have diminished their overall capacity to work and perform. Like eyewitnesses at an accident, historical recall may not be accurate or subject to generalizations. These surveys typically have a limited pool of participants (<2000) and must be adjusted for margins of error, missing minorities and other inherent limitations.

The real problem in compiling a true count of workplace caregiving is the reluctance of the caregiver to be identified, ask for help and use programs ostensibly created for their benefit. APA mitigates these limitations by using a pool of 29,000 with no inherent biases. It polls groups of participant based on their immediate past two week's recall of illness, productivity, etc. It never asks if they are caregivers.

APA data showed family caregivers are almost an equal balance of men and woman, average age 48 years old, comprising 25% - 30% of the workplace. We calculated they earn approximately \$50,000 annually. The APA concluded they create upwards of \$180 billion of unrecognized, indirect costs due to presenteeism. The APA data showed illnesses and ages that directly matched that of family caregivers. It has proven prior assumptions about the real number of workplace caregivers, but who could not be "found" for all of the prior cited reasons and has given us a capability to measure the real productivity losses of caregiver presenteeism.

These numbers highlight tremendous, ongoing workplace losses spawned by a management culture that views family caregivers as other directed, non-team players who have brought their issues to work. This attitude has driven the caregiver underground. The programs in place for caregivers are neither focused nor supportive of their real needs and provide little constructive mitigation of the problem. Only a sea change of management culture from the top down and the implementation of effective caregiver support programs will we begin to address an issue costing corporate America \$100's of billions annually for the next 50 years.

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