In Brief

Valuing the Invaluable: A New Look at the Economic Value of Family Caregiving*

Unpaid caregivers’ contributions are not only the foundation of the nation’s long-term care system but an important component of the U.S. economy, with an estimated economic value of about **$350 billion** in 2006.

- The figure of $350 billion is based on an estimated 34 million caregivers age 18 or older who provide an average of 21 hours of care per week to adults with limitations in daily activities.¹ This estimate was derived from an analysis of recent, nationally representative survey data by the AARP Public Policy Institute.²

- This estimate includes only adults currently providing care or providing care within the last month. These adults include family members, friends, and neighbors. The total number of adults providing care within a full year is significantly higher, and was most recently estimated at 44 million in 2003.

**Economic Comparisons**

For the purpose of comparison, $350 billion dollars is:

- As much as the total spending for the Medicare program ($342 billion in 2005).

- More than total spending for Medicaid, including both federal and state contributions and both medical and long-term care ($300 billion in 2005).

- As much as total sales of the world’s largest companies, including Wal-Mart Stores ($349 billion in 2006) and Exxon Mobil ($335 billion).

- More than $1,000 for every person in the United States (301 million people in March 2007).

- More than the amount of the U.S. budget deficit ($248 billion in FY 2006).

**Facts About Caregiving**

- The “typical” caregiver in the U.S. is a 46 year old female who works outside of home and spends more than 20 hours per week providing unpaid care. Caregivers often experience serious economic losses due to changes in work patterns, including lost wages, loss of health insurance and other job benefits, and lower retirement savings and Social Security benefits.

- Almost one fifth of workers (19%) are informal caregivers. Productivity losses to U.S. businesses related to informal caregiving are estimated to be as high as $33.6 billion per year, more than half the value of all productivity losses due to common pain conditions, such as arthritis, headache, and back conditions.

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*This In Brief summarizes the findings of the AARP Public Policy Institute Issue Brief*  
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• Caregivers who estimated expenses said they spend an average of $2,400 per year out-of-pocket to help care recipients. Caregivers with the greatest levels of burden report spending much more ($3,888 per year).

• Caregivers’ own health may be placed at risk. They are more likely to have chronic health conditions and medical bill problems or medical debt than noncaregivers.

• Family caregiving helps delay or prevent the use of nursing home care, with important implications for Medicaid budgets. In addition, caregiving by adult children reduces the likelihood that beneficiaries will have Medicare expenditures for skilled nursing home and home health care.

Alleviating Caregiver Stress

Preventing caregivers from being overwhelmed is essential for both economic and ethical reasons. Examples of policies that could be implemented at small fractions of the value of unpaid caregivers’ services include:

• Expand funding for the National Family Caregiver Support Program. Total funding for that program for FY 2007 represents about one twentieth of 1 percent of the value of informal caregivers’ contributions.

• Provide adequate funding for the recently enacted Lifespan Respite Care Act. The amount authorized for FY 2008 is $40 million, or about one hundredth of 1 percent of the value of caregivers’ contributions.

• Provide a tax credit for caregiving. A $3,000 tax credit, the amount that would be provided as part of several federal legislative proposals, would help to offset some of the direct expenses of eligible caregivers. Many of these caregivers would still bear high costs associated with caregiving, including lost wages and employment benefits, lower retirement benefits, poorer health status, and higher medical expenses of their own.

Conclusion

Providing better supports for family caregivers is essential to the well-being of our health care system, our long-term care system, and our economy.

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1 This definition includes the majority of caregiving, but it does not capture all of the informal caregiving that occurs in the United States. For example, it does not include those providing care to children under 18 with disabilities, caregivers under age 18 who are providing care to adults (primarily parents or grandparents), or grandparents providing care for grandchildren under the age of 18. Nor does it include caregivers who provide assistance to adults who have chronic health conditions but do not need assistance with daily activities such as bathing and dressing.

2 These surveys varied in the years they were conducted, the definitions of caregiving, and the age groups represented. We therefore adjusted estimates of the prevalence of caregiving to a common definition encompassing the entire adult population. Please see the full paper for the complete methodology.