

Reclaiming Affordability

WINNING THE COST WAR WITH
THE **RIGHT** SOLUTIONS

Elder Care

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Introduction

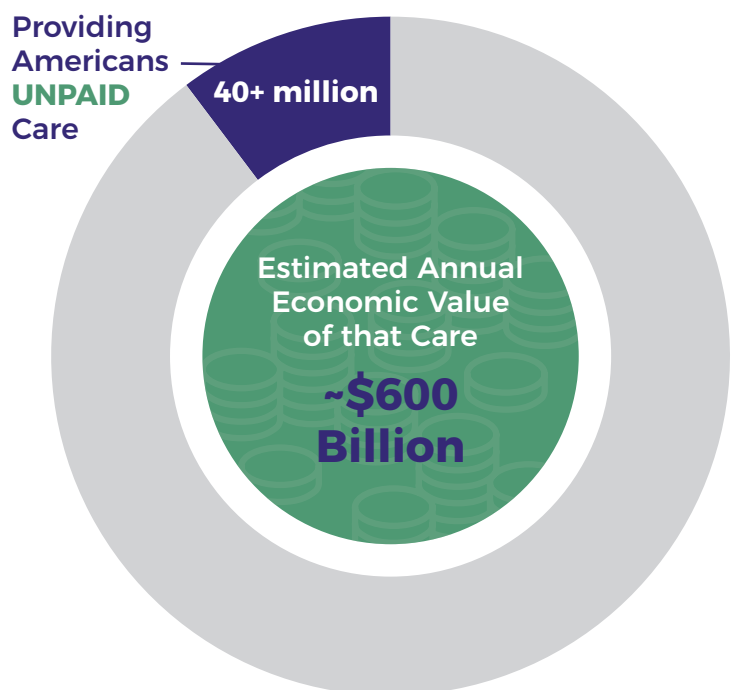
Elder care is one of the fastest-growing and most stressful affordability challenges facing American families today.

Nursing home care often exceeds **\$100,000 annually**, while in-home care—the option **most seniors prefer**—now averages around **\$80,000 a year** for full-time assistance. Home care costs are rising **over three times faster** than overall inflation.

More than 40 million Americans provide unpaid care for aging relatives. Roughly **one in seven adults are part of the sandwich generation**, caring for children and aging parents simultaneously. These caregivers often reduce work hours, leave income-generating arrangements, or deplete savings to provide support.

Families deserve policies that make aging at home more affordable and accessible. We should not have to choose between dignity for seniors and financial stability for families. Thoughtful reform can strengthen both.

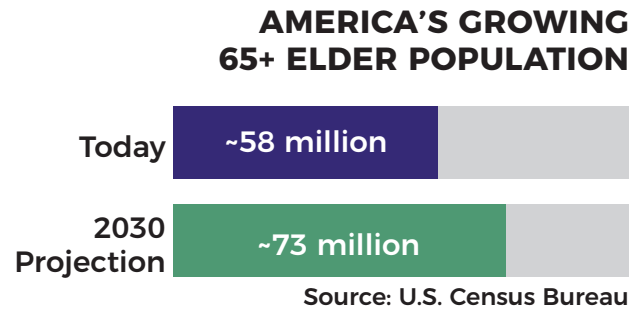
FAMILY CAREGIVING IN AMERICA



Source: AARP Public Policy Institute

Background: *How We Got Here*

America's population is aging rapidly. By [2030](#), all Baby Boomers will be over age 65. Demand for long-term care services is rising sharply, but supply remains constrained and costs continue to climb.



One significant driver is regulatory rigidity. The Department of Labor's 2013 "Home Care Rule" reclassified many home care workers under federal wage and overtime requirements. Originally, home care workers providing companionship services were exempt from the rigid rules applied to institutional settings, but under the 2013 regulations, most home care workers are now effectively treated like formal employees, increasing compliance costs for families and small providers, making home-based care more expensive and less accessible.

Without reform, regulatory burdens, constrained supply, and growing demand will continue driving elder care costs higher.

Many families turned to under-the-table paid relationships with care providers, creating risks for both the families and caregivers, to supplement family-based care. With the costs of in-home care needlessly high, many families also turn to institutional care, even when seniors would rather stay at home. Those residential facilities are also expensive, but often end up being supported by taxpayers.

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Solutions: *Paths Forward*

An elder care affordability agenda should focus on four priorities: expanding home-based access, modernizing outdated labor rules, strengthening financial flexibility, and growing the caregiving workforce.

First, flexible work is itself an elder care solution. Millions of caregivers rely on independent contracting, remote work, and nontraditional schedules to balance earning

Misperceptions vs. Facts

MISPERCEPTION: Institutional care is the ideal solution.

FACT: Most seniors prefer aging at home, and home-based care can provide high-quality support at a lower cost.

MISPERCEPTION: More regulation automatically improves care quality.

FACT: Excessive compliance burdens can reduce provider participation, increase costs without improving outcomes, and encourage more black-market relationships that put both parties at risk.

COST OF FULL-TIME IN-HOME CARE

Average Annual Cost
~\$80,000

Equivalent Monthly Cost
~\$6,500

Source: [Genworth](#)

MISPERCEPTION: Most families want center-based care.

FACT: Families rely on a range of arrangements—centers, home-based providers, relatives, and flexible schedules. Policy should reflect that diversity rather than crowd it out.

MISPERCEPTION: Workforce shortages can only be solved through large federal programs.

FACT: Expanding flexible, market- and community-based caregiving pathways can increase supply while preserving affordability and choice.

and caregiving responsibilities. Protecting these opportunities expands economic options and allows families to adapt when care needs arise.

In addition, policymakers should also facilitate more home-based care models, including through live-in work relationships. The existing federal au pair program provides a framework that could be expanded to include senior care placements. Under current law, au pairs receive room, board, and a stipend for providing caregiving support to families with children. Seniors could provide a similar deal to caregivers. Building on this proven model could increase the supply of in-home caregivers and provide families with a flexible, affordable alternative to institutional care. Expanding the supply of “[American Caregivers](#)” through community-based and entrepreneurial models can further increase options for families while creating better work options for caregivers.

Congress should also revisit specific federal regulations that raise the cost of care. Rescinding the Department of Labor’s 2013 Home Care Rule, for example, would restore flexibility for families and small providers while maintaining core worker protections.

Finally, policymakers should strengthen financial tools that help families manage long-term care costs. Expanding access to tax-advantaged savings vehicles and allowing families to use existing accounts for caregiving expenses can provide meaningful relief without imposing one-size-fits-all mandates.

List of Specific Bills

- [*Ensuring Access to Affordable and Quality Home Care for Seniors and People with Disabilities Act*](#) would rescind the Department of Labor's 2013 Home Care Rule to restore flexibility in home-based care arrangements and reduce compliance costs that raise prices for families.
- [*Lowering Costs for Caregivers Act*](#) expands the use of tax-advantaged Health Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs) to cover qualified caregiving expenses, giving families greater financial flexibility when supporting aging parents or loved ones.
- [*Empowering Employer Child and Elder Care Solutions Act*](#) removes disincentives under federal labor law for employers to provide dependent care benefits, encouraging workplace-based solutions that expand options for working families.
- [*The Modern Worker Empowerment Act*](#) codifies a common-law standard for independent contractor classification, protecting flexible work arrangements that many caregivers rely upon.



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