

# Program Integrity in the Medicaid Home & Community-Based Services Program



## HCBS Are Essential Services

- Home and community-based services (HCBS) are provided through the Medicaid program. These critical services enable people with intellectual and developmental disabilities (I/DD) to live full and independent lives in their communities, helping individuals with a wide array of supports from assisting with activities of daily living, to community integration, and employment supports.
- Every state provides HCBS for people with I/DD. Without these services, individuals with I/DD would have no alternative to receive services and remain in their homes and communities—they would be forced into institutional settings to find care.

## Investing in HCBS Is Necessary to Preserving Program Integrity

- Sufficient funding for HCBS is needed to preserve program integrity in Medicaid services. Without proper funding, states and providers will not have the necessary supervision, training, and tools to meet and strengthen compliance measures targeting waste, fraud, and abuse in the system.
- Best practices in addressing improper payments and fraud include corrective actions focusing on accountability, collaboration, and training.<sup>1</sup> Rather than cutting federal funds, Medicaid funding is necessary to ensure coordination or oversight of services.

## People with Disabilities are Harmed by Overly Broad Enforcement Mechanisms

- Efforts to minimize waste, fraud and abuse should be precise, targeted, and narrowly tailored to avoid harming community-based services for people with I/DD and the workforce that supports them. Cutting off funding from entire service systems, including services provided in good faith, is overly punitive and will only serve to limit access, force closure of services, and harm families and vulnerable individuals reliant on those services.
- The loss of federal funding results in shifting costs to states. When federal funding is reduced, eliminated, or suspended, it negatively impacts all Medicaid services by creating a greater budget shortfall for states. This is especially detrimental as states are already experiencing tight budgets or preparing for looming federal funding reductions through H.R. 1. This leaves no ability for states to further invest in oversight of waste, fraud, and abuse; rather, states will be forced to cut whole service offerings, including HCBS supporting people with I/DD to remain in their homes and communities.

<sup>1</sup> Government Accountability Office, [Improper Payments and Fraud: How They Are Related but Different](#) (Dec. 2023).

- Providers supporting people with I/DD are already in a fragile state with 29% indicating they were discontinuing programs and services, 52% indicating they were considering further cuts, and 56% delivering services in areas where few or no other options exist.<sup>2</sup>
- The current unmet need for HCBS is great: nationally, the waiting list for services for people with I/DD is greater than 500,000.<sup>3</sup> Data demonstrating growth in spending on HCBS reflects this growing need.

## Reducing Access to HCBS Increases Unnecessary Taxpayer Spending

- It is more cost-effective to support individuals in their homes and communities as opposed to institutional settings. The average per person cost to serve a person with I/DD in their homes and communities is \$70,500. Serving that same person in a public institutional facility is more than \$395,000.<sup>4</sup>
- Cutting federal funding results in cuts to cost-effective services for vulnerable individuals. If HCBS are reduced as a result of decreased funding, there will be a severe lack of lower-cost home and community-based services and a shift to higher-cost institutional settings.

## Efforts to Enhance Program Integrity Should Focus on Collaboration and Sustainability

- HCBS providers are subject to complex and comprehensive federal and state oversight designed to ensure program integrity. Providers must adhere to federal statutory oversight, including but not limited to, the Social Security Act, HIPAA, and the False Claims Act, in addition to program and state-specific statutory, regulatory, and contractual obligations subject to routine audit. Policies focused on strengthening program integrity should ensure interagency collaboration at both the federal and state level alongside community partners to ensure consistency and prevent unintended impacts to service availability.
- Policies focused on curtailing waste, fraud, and abuse should not distract from the real issue: hundreds of thousands of eligible individuals with intellectual and developmental disabilities are waiting for services because funding has not kept pace with need. If funds are cut, it will not help better target fraud, it will only reduce access for people who need it and lead to unnecessary spending on emergency services to meet unmet needs.
- A much more productive approach is for state agencies to work with providers, people with disabilities, and other community partners to develop and implement sound methodologies, strategies, and plans to identify and eliminate fraud in Medicaid programs. This will ensure that the fragile network of community services for people with disabilities is not collateral damage in an effort to identify potentially fraudulent activity.

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<sup>2</sup> American Network of Community Options and Resources, [The State of America's Direct Support Workforce Crisis 2025](#) (Dec. 2025).

<sup>3</sup> Kaiser Family Foundation, [Number of People Waiting for Medicaid Home Care \(HCBS\), by Target Population and Whether States Screen for Eligibility](#) (2025).

<sup>4</sup> Shea Tanis, et al., [The State of the States in Intellectual and Developmental Disabilities](#), Kansas University Center on Disabilities (2025).