

Economic Impact of Medicaid Home & Community-Based Services



Medicaid is an essential source of health care for many people with intellectual and developmental disabilities (I/DD) and the only source of their long-term supports and services. Home and community-based services (HCBS) enable almost one million Americans with I/DD to live and contribute to their communities while allowing their families to remain in the workforce.

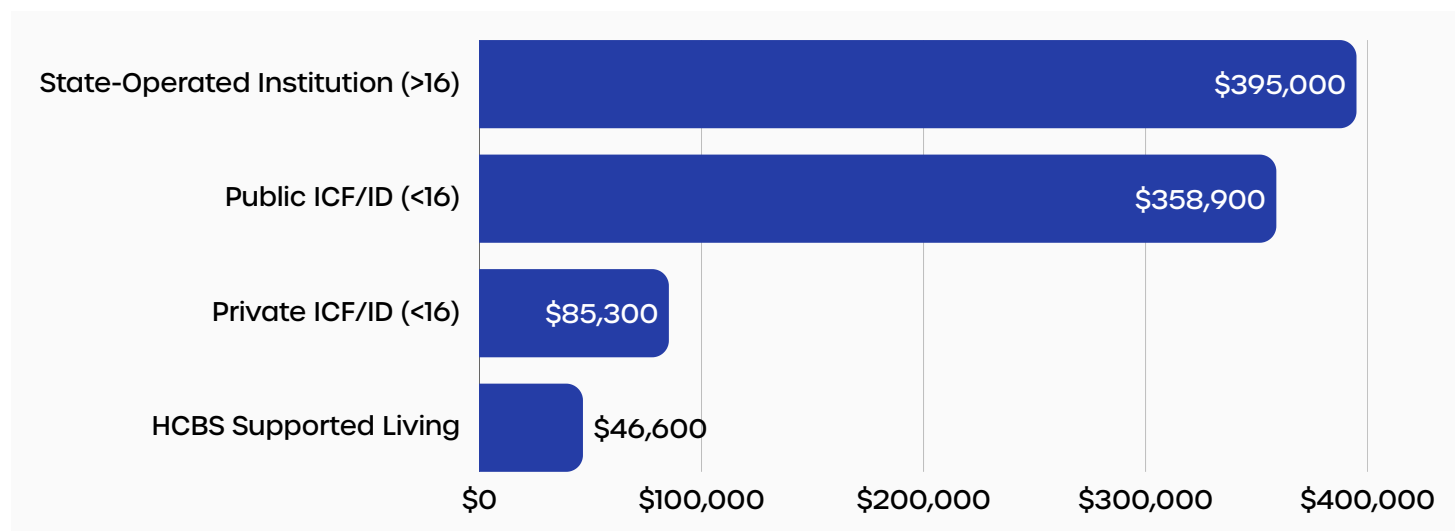
Through Medicaid HCBS programs, people with I/DD have access to a spectrum of supports, including assistance with brushing teeth, taking a shower, getting dressed, preparing meals, getting to work and succeeding while there, and participating in community events. Across the country, more than 552,000 people with I/DD are already on states' waiting lists for these crucial services.¹ Without access to HCBS, people with I/DD are often forced to either forgo services altogether or turn to more expensive and restrictive settings, such as hospitals and institutions.

Community-Based I/DD Services Are Cost-Efficient

Community-based I/DD services are not only essential to supporting people with I/DD to live lives with dignity and independence; they are also a cost-efficient solution as compared to the alternative of providing long-term supports in large, expensive state-run institutions.



Average Annual Cost of Residential Care for People with I/DD (FY 2023)²



1. KFF, [Number of People Waiting for Medicaid Home Care \(HCBS\), by Target Population and Whether States Screen for Eligibility](#) (2024).

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

Community-Based I/DD Services Support Working Families & the Broader Economy

Community providers of I/DD services also support a robust economy, both in their role as employers of one of the fastest-growing workforces, as well as in their role as providers of services that enable people with disabilities and their families to secure and maintain employment.³ The direct impact of employing hundreds of thousands of individuals as direct support professionals, as well as the indirect impact of those employees' economic output in their local communities, produces positive outcomes at both the state and federal levels.

In fiscal year 2023, federal and state governments invested an approximate combined \$67 billion in Medicaid HCBS for people with I/DD, a mere fraction of what it would have cost to support those same individuals in public residential facilities.⁴ In turn, this investment supported almost \$170 billion in economic output.⁵ Inflated to today's dollars, that's more than \$179 billion in economic output.

**For every \$1.00
invested in HCBS for
people with I/DD,
the broader
economy generated
an additional \$1.50**

Economic Impact of Medicaid HCBS for People with I/DD (FY 2023)

	Economic Output	Value Added to GDP	Labor Income	Federal, State & Local Tax Revenue	Jobs Supported
Direct	\$67B	\$46.7B	\$47.3B	\$10.9B	1.2M
Indirect & Induced	\$102.5B	\$58.5B	\$32.1B	\$13.2B	469,934
Totals	\$169.5B	\$105.2B	\$79.4B	\$24.1B	1.65M

Contact Us

For more information and policy solutions to strengthen the systems of services and supports for people with I/DD, please contact Lydia Dawson, ANCOR's Vice President of Government Relations at ldawson@ancor.org.

3. PHI, [Direct Care Workers in the United States: Key Facts 2025](#) (September 2025).

4. Tanis, supra note 2.

5. IMPLAN (IMPLAN.com), 2023 [Analysis conducted by ANCOR using IMPLAN System, which sources industry and employment data to trace spending through an economy and measure the cumulative effects of the spending.]