



U.S. Disability Services and Spending

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State governments tap numerous federal, state and local services and income maintenance programs to support people with disabilities. Disabilities include intellectual and developmental disabilities (I/DD), mental health (MH), and physical/sensory disabilities. Principal disability-related programs include health care, income maintenance (such as Social Security, disability insurance, rent subsidies, veterans compensation and food stamps), special education and long-term services and supports (LTSS). LTSS settings include state-operated institutions, private nursing facilities, community-based housing and services such as day and work programs and family support funding. Growing efforts to provide long-term services and supports in community settings has allowed states to avoid investing in more expensive institutional programs.

Did You Know?

- More than 65 million people with disabilities receive government financial assistance.
- Long-term care services and supports are the most expensive disability program when measured on a per-person basis.
- Medicaid-funded community care is a lower-cost alternative to state institutions and nursing facilities.

U.S. spending for disability services and income maintenance programs totaled \$652 billion in FY 2013. These funds supported 65.6 million recipients with an average annual cost of \$9,931 per recipient. Adjusted for inflation, overall average cost of care per recipient with a disability increased 2 percent from 1997 to 2013 (Table 1). The cost of care per person declined 4 percent for health care, but increased 5 percent for long-term services and supports, 8 percent for income maintenance, and 14 percent for special education.

Table 1. Inflation-Adjusted Change in Average Annual Cost of Care per Person, by Disability Program

Program	Average Annual Cost of Care: 2013	Change: 1997 to 2013
Health Care	\$6,962	-4%
Total LTSS	\$19,720	5%
Institutional LTSS	\$123,237	-1%
Community LTSS	\$15,935	30%
Income Maintenance	\$8,834	8%
Special Education	\$12,591	14%
Average All Programs	\$9,931	2%

Source: Braddock et al., preliminary data, 2016

Managed care and some provisions in the Affordable Care Act helped reduce annual growth in health care costs. Increased cost of care for income maintenance was largely due to growth in veterans' benefits and Social Security disability insurance. The increase in special education spending per student was due to increased federal Individuals with Disabilities Education Act (IDEA) and state and local government spending for students with disabilities.

Long-term services and supports was the most expensive disability program on a cost-of-care basis in 2013 (averaging \$19,720). The 5 percent cost of care increase in total LTSS was due to the significant growth of community-based Medicaid services in lieu of institutionalization, which actually declined 1 percent between 1997 and 2013. Community LTSS spending increased 30 percent, albeit from a much smaller base in 1997. Average annual institutional cost in 2013 was eight times the cost of care in community-based settings.

Federal Action

Historically, states relied on state institutions and nursing facilities as the primary settings for disability-related long-term services and supports. However, in 1981 Congress and the Reagan Administration came together on a plan to reduce Medicaid spending through the [Home and Community Based Services \(HCBS\) Waiver](#). Since 1981, additional Medicaid Waiver options have been authorized, including Money Follows the Person, Balancing Incentive Payments and Community First Choice (CFC) programs.

State Action

Today states use a wide range of Medicaid programs to finance long-term services and supports in individuals' communities—known as Community Medicaid. Programs include the [Home and Community Based Services Waiver](#), personal care, home health care, targeted case management, clinic services and rehabilitative services. Figure 1 illustrates the growth in Community Medicaid spending. Between 1997 and 2013, Community Medicaid advanced from 42 percent to 79 percent of total Medicaid LTSS spending (and from 22 percent to 54 percent of total LTSS spending).

Increased Medicaid spending on community care is a factor in reduced cost of care per recipient because it provides alternatives to high-cost state institutions and nursing facilities. Community Medicaid options also enable people with disabilities to remain in the family home or their own home.

Community Medicaid financed 54 percent of total long-term services and supports spending for people with disabilities nationwide in 2013. However, on a state-by-state basis, percentages ranged from 66 percent in Idaho to 23 percent in New Jersey (see map). The higher-ranked states spent considerably more for Community Medicaid, and spent less on institutions and nursing facilities. Additional research is needed to identify other causative factors in states' use of Community Medicaid, particularly in its use across disability groups.

NCSL Contact and Resource

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“Community-Based Medicaid Funding for People with Intellectual and Developmental Disabilities,” *LegisBrief*, 2014

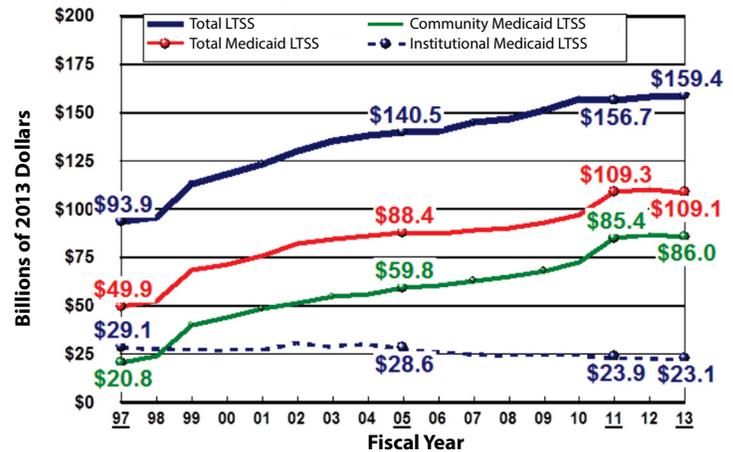
Additional Resources

Braddock et al., *The State of the States in Intellectual and Developmental Disabilities: Emerging from the Great Recession*.

State-by-state information on disability spending

Centers for Medicare & Medicaid, [Home and Community Based Services \(HCBS\) Technical Assistance](#)

Figure 1. Federal-State Medicaid LTSS Spending: 1997-2013 (Adjusted for Inflation)



Source: Braddock et al., preliminary data, 2016

Percent of Total Community Medicaid Funding* for People with Disabilities, 2013



*Community Medicaid Funding (HCBS Waiver, personal care, targeted case management, clinic/rehabilitative services) as a percent of total LTSS spending.

Source: Braddock et al., preliminary data, 2016