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## The Truth About Costs of Caring for People with Intellectual and Developmental Disabilities:

### THE COMMUNITY IS NOT ALWAYS CHEAPER

VOR has always advocated that choice and service based on individual need is the proper guide for placement decisions, whether that is in a home, community-based, or facility setting.

The widely-held belief that it always costs less to care for people with intellectual and developmental disabilities in group homes rather than in facility settings **is not true** for people with the most severe disabilities, according to peer-reviewed study published in a journal by the American Association on Intellectual and Developmental Disabilities:

***“From the studies reviewed here, it is clear that large savings are not possible within the field of developmental disabilities by shifting from institutional to community placements.”***

The study details several cost factors that are often overlooked by policymakers and advocates, including, but not limited to:

- **Level of disability:** The failure to adjust for the different levels of disability of the people included in the studies skews the results. Facility residents are the most needy, most vulnerable and most costly of all Medicaid recipients, regardless of service setting. Over 80 percent of facility residents are persons with severe and profound intellectual and other disabilities.
- **Aggregate costs and cost shifting:** When individuals are moved from facility-based to community placements, costs shift from the all-encompassing facility care budget to a community services budget that draws from multiple public welfare funding sources for housing, food (e.g., food stamps), transportation, and health care costs. Often only the housing costs are considered in community v. facility cost comparisons. The result is an incomplete look at the true costs of serving the individuals, and a false claim of taxpayer savings.
- **Staffing:** The failure to consider the relevance of lower staffing costs in the community also impacts quality outcomes. If federal initiatives to enhance wages for community-based direct care workers are successful.

The dogmatic belief that placement in the community is always cheaper has resulted in a woefully under-funded community system that is not at all prepared to care for the complex needs of most of the people now residing in larger, specialized facilities, or the more than 200,000 people waiting for services. This study gives state and federal policymakers the data they need to determine accurate costs.

**For more information and a free copy of the complete study, please contact Tamie Hopp, VOR Director of Government Relations and Advocacy at 605-399-1624; [thopp@vor.net](mailto:thopp@vor.net)**

#### **Cost Comparisons of Community and Institutional Residential Settings: Historical Review of Selected Research**

Kevin K. Walsh, Theodore A. Kastner, and Regina Gentlesk Green, *Mental Retardation*, Vol. 41, No. 2: 103-122 (April 2003); Update published 2009  
([www.vor.net/images/CCSUpdate.pdf](http://www.vor.net/images/CCSUpdate.pdf)).

For a copy of the full study, contact Tamie Hopp/VOR: 605-399-1624; or [thopp@vor.net](mailto:thopp@vor.net)