OASIS · AT A GLANCE

# What Maine's billion dollar hole teaches Michigan

Community based support costs roughly a third of institutional care, generates more economic activity per dollar than most state spending, and is the only part of the system federal law lets a state cut. Somebody explain that.

BY JIM PALASTY · 12 MIN READ · ECONOMIC ANALYSIS

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TIMES THE COST

Institutional care versus community care, per person.

## How it works

THREE STEPS

STEP 1

### Rates fall behind

Reimbursement stops covering the cost of employing a person.

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STEP 2

### Workers leave

Shifts go unfilled. Families leave paid work to cover them.

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STEP 3

### The state pays more

Placements shift toward institutional care at roughly triple the cost.

### The numbers, and where they come from

| | |
|---|---|
| **ICF/IID cost** | $140,210 per person, RISP 2019 |
| **HCBS waiver cost** | $48,458 per person, RISP 2019 |
| **GAO HCBS range** | $51,000 to $70,000, six states, 2019 |
| **Maine GDP loss** | $844 million to $1.3 billion yearly |
| **Maine unpaid caregivers** | About 8,000 out of the labor force |
| **Maine turnover cost** | More than $90 million a year |
| **Maine workers needed** | 2,300 plus full time positions |
| **New York provider revenue** | $9.0 billion, 2023 |
| **New York economic output** | $15.6 billion |
| **New York jobs supported** | 194,186 full time |

WHAT THE RATIO LOOKS LIKE IN ONE HOUSE

“

*When Dale's community living supports could not be staffed for eleven straight weeks, his sister took unpaid leave, then reduced hours, then left her job. Two years later Dale entered a licensed facility after a crisis. The state now pays roughly three times what his home supports would have cost, and his sister is 58 with no pension and a resume gap.*

NOBODY SAVED A DOLLAR. EVERYBODY PAID MORE.

## What matters, at a glance

### ICF/IID per person

About $140,210 a year in average Medicaid spending, national RISP data.

### HCBS waiver per person

About $48,458 a year. Same population, different setting, roughly a third of the cost.

### The inversion

Federal Medicaid law makes the expensive setting mandatory and the cheap setting optional. Every fiscal pressure therefore pushes states toward the option that costs three times more. This is not a paradox anyone has to accept. It is a statute anyone could amend.

### What disability services generate

The Rockefeller Institute found New York's nonprofit disability service providers reported $9.0 billion in revenue in 2023 and generated $15.6 billion in economic output, supporting 194,186 full time jobs and contributing $2.4 billion in federal and state taxes. Roughly $1.73 of activity per dollar.

### Maine's ceiling

MECEP estimated $844 million to $1.3 billion in lost state GDP each year from roughly 8,000 people out of the labor force providing unpaid care.

### Turnover alone

More than $90 million a year in turnover costs for Maine direct care providers. That is money spent replacing people, not serving anyone.

**BRING THESE · CHECK AS YOU GO**

- [ ] Per person cost, institutional versus community
- [ ] Local ER and crisis calls tied to unstaffed supports
- [ ] Taxes those jobs generate locally
- [ ] The waiting list length in your county
- [ ] Your county's current unfilled service hours
- [ ] Jobs supported by your local provider agencies
- [ ] Family workforce exits in your support network
- [ ] One named constituent, with permission, at the end

YOUR MOVE

## Make the fiscal argument, not just the moral one

1. Learn the cost ratio and its source by heart.
2. Ask your CMH what a facility placement costs per person.
3. Ask what an unfilled CLS hour costs the county in crisis calls.
4. Send the ratio to your state representative in writing.
5. Request the rate study behind your PIHP's current rates.
6. Testify at appropriations with the ratio in your first sentence.

*Lead with the ratio. Close with the name. In that order, or the ratio never gets heard.*

**RESOURCES NAMED IN THIS POST**

publications.ici.umn.edu/risp · https://publications.ici.umn.edu/risp/
mecep.org · https://www.mecep.org/
rockinst.org · https://rockinst.org/
gao.gov · https://www.gao.gov/products/gao-23-105457



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