

# ECONOMIC & SOCIAL IMPACT: Supports & Services for Missourians with Developmental Disabilities



Medicaid Home and Community Based Services (HCBS) Medicaid waivers are the largest funder of long-term supports and services for people with developmental disabilities (DD). Direct support professional (DSP) wages are dependent upon Medicaid reimbursement rates

## MISSOURI WORKFORCE CRISIS AND CONSEQUENCES

Demand for DSPs is one of MO's fastest growing needs

**123%**

10 yr increase  
in DSP jobs

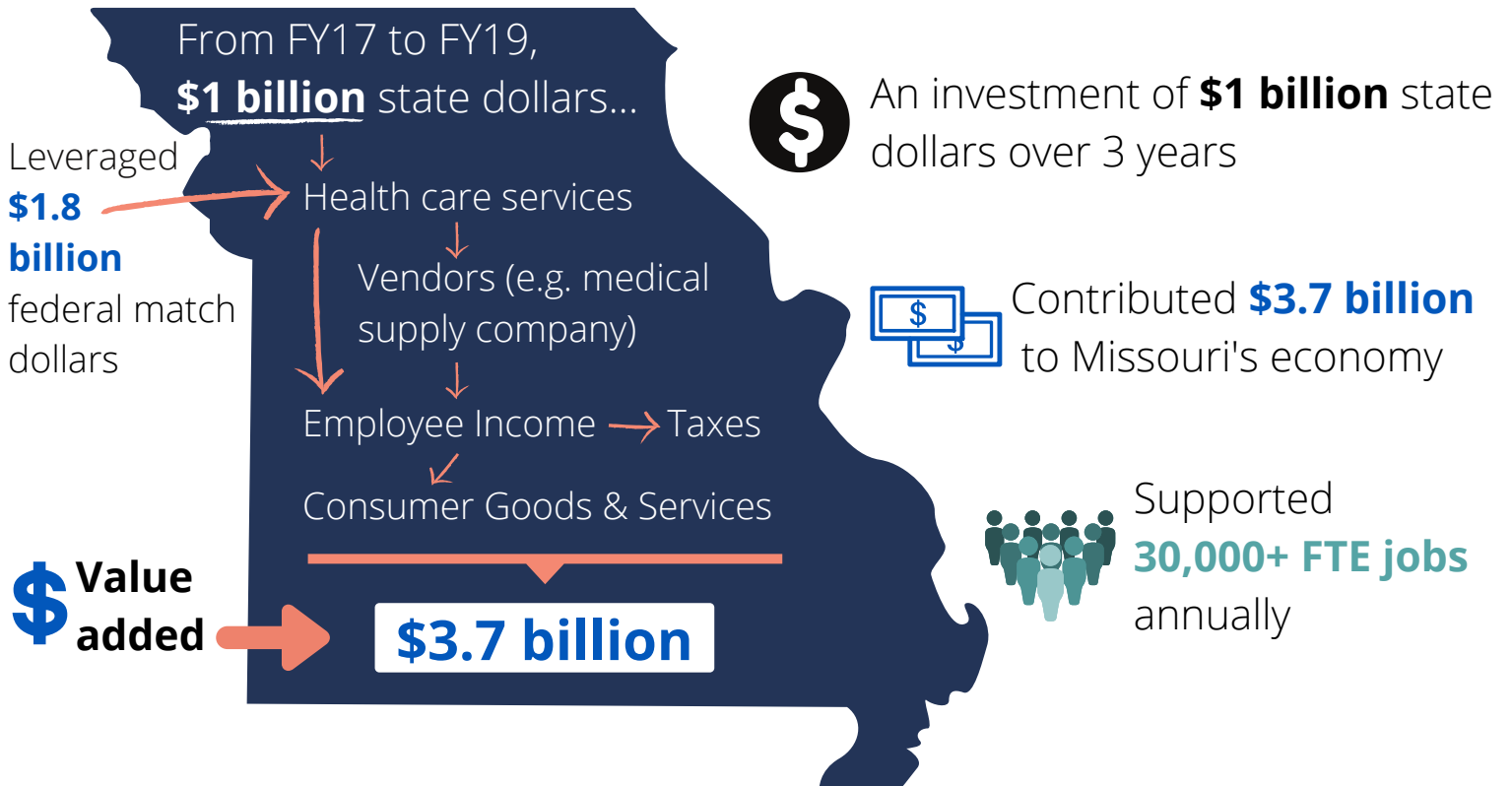
Low wages  
cause  
significant  
recruitment  
& retention challenges

**56%**  
Turnover

**25%**  
Vacancy

Without stable, quality support, Missourians with DD will be *at risk* of being placed on a residential waitlist for an extended period of time

## HCBS WAIVER DOLLARS FOSTER ECONOMIC GROWTH



Through the *economic multiplier* effect, service expenditures indirectly affect other local businesses through inter- and intra-industry spending, like business costs associated with providing the services, inducing changes in household spending and tax collection

# IMPACT OF PROPOSED HCBS WAIVER RATE STANDARDIZATION PLAN

Raising wages for low-wage workers *significantly* impacts the economy

Additional **\$56 million** over 4 years:

 Leverages an additional **\$107 million** in federal funds

Changes household spending, generating *millions in local spending and tax revenue*



 Contributes **\$245 million** to MO's gross state product (GSP)

## Return on Investment



Each **\$1** of state funds



**\$4.35** in economic activity

## PROJECTED SAVINGS

Savings from a reduction in public benefit subsidies could offset DSP wage increases

**52%** on public assistance

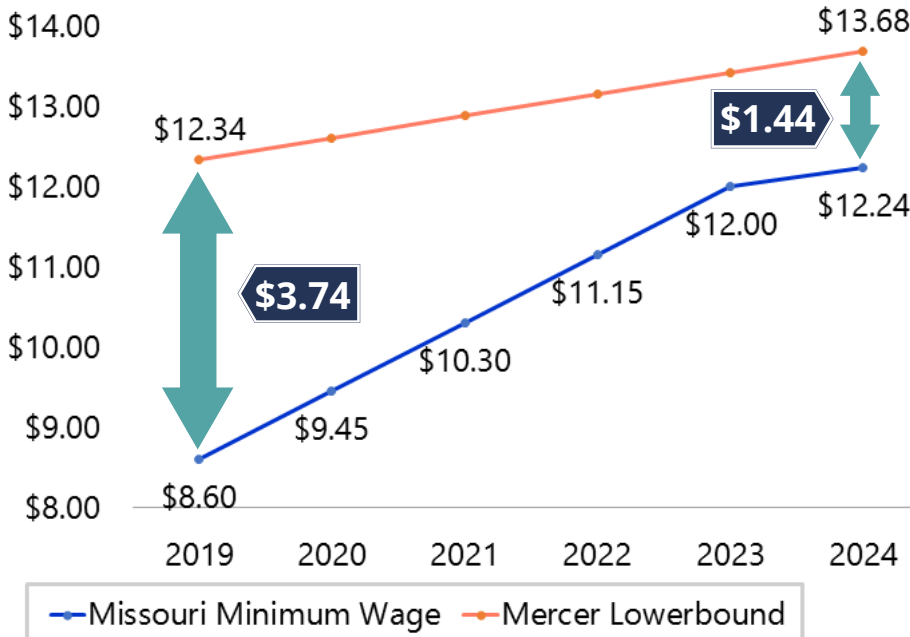
Annual cost per enrollee

**\$3,096**  
SNAP

**\$6,131**  
Medicaid



20% reduction in the number of DSPs on public assistance yields *annual taxpayer savings of \$8.7 million*



Note: DSP starting wage in 2019 was \$9.95/hr

## DSP WAGE COMPRESSION WITH MINIMUM WAGE INCREASES

- In 2019, Mercer lowerbound rate provided a **\$3.74** gap with minimum wage. After all increases by 2024, the gap will be reduced to **\$1.44**
- This wage compression with minimum wage will make it very difficult to recruit and retain quality DSPs when less responsible jobs pay similar hourly wages