

# Medicaid HCBS

Support at Home, Life in Community for nearly 5 million Americans

## What are Home and Community-Based Services (HCBS)?

HCBS is a **suite of Medicaid benefits** that include different types of services that support individuals with significant disabilities and chronic health conditions with everyday tasks to experience good lives in their chosen communities, instead of in a nursing home or other institutional setting. States deliver HCBS to people with disabilities and older adults at an average cost of \$17,298 per user compared to institutional care at a \$54,462 average per person cost.\*



HCBS is a **key element of the nation's healthcare ecosystem** and can play a pivotal role in Making America Healthy Again (MAHA), keeping families together and in the workforce, and delaying costly medical and institutional care.



A core tenet of HCBS is **person-centered care planning**, which enables an individually tailored service array based on a **formalized assessment of need**.



**Quality and accountability** are essential to the success of HCBS. Numerous tools are available to states to ensure program integrity, like electronic visit verification, fraud referral hotlines, and service authorization audits.

## HCBS Services

HCBS provides a range of services and supports, including those described below, to support independence, dignity, and community engagement for people with disabilities and older adults.



## HCBS Providers



HCBS are delivered by a mix of **private for-profit organizations**; **nonprofit agencies**; and **government entities**. Many are small agencies, often founded by family members. They operate with lean staffing and slim margins, resulting in **less capacity to make investments** compared to large health systems and corporations.



### Residential Supports

include community-based group homes, supported living services, or assisted living



### In-home Services

include homemaker/personal care services, in-home habilitation, and respite



### Community-based Supports

include day and employment services or community integration

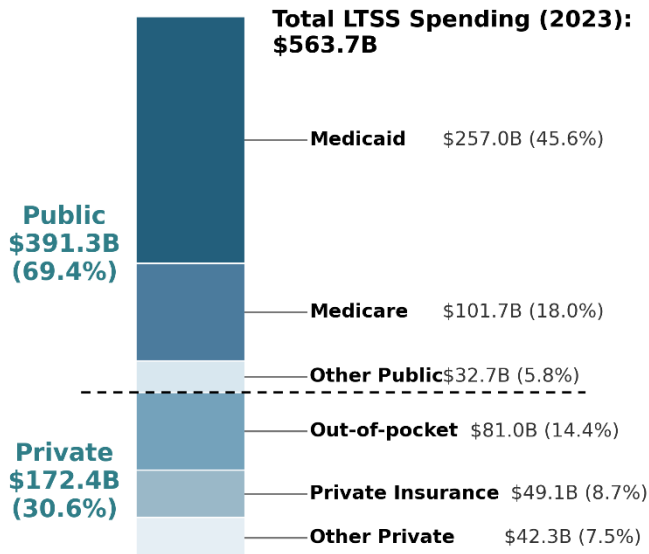
# Why is HCBS Growing?



Medicaid is the **single largest payer for long-term care** (inclusive of HCBS and institutional settings) **in the United States**. Medicare's footprint is extremely small and **limited to post-acute services**.

Demand for HCBS is growing as the U.S. population ages. All baby boomers will be 65 or older by 2030, and **the 80+ cohort is the fastest-growing**. It is estimated that 1 in 4 people aging or with disabilities **do not have family caregivers**.

**Figure 1. Long-Term Services and Supports (LTSS) Spending, by Payer, 2023 (in billions)**



Source: CRS analysis of National Health Expenditure Account (NHEA) data obtained from the Centers for Medicare & Medicaid Services (CMS), Office of the Actuary, prepared December 2024.  
Notes: Analysis includes Medicare post-acute care spending in an expanded definition of LTSS spending. Percentages may not sum to 100% due to rounding.

**Figure 2.**

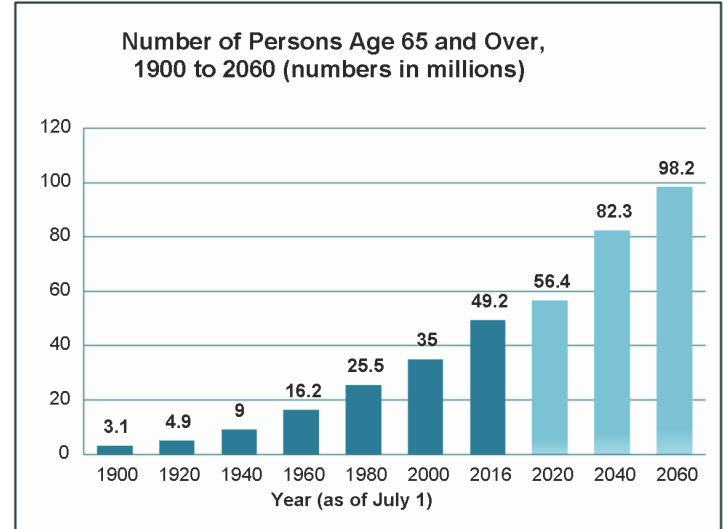
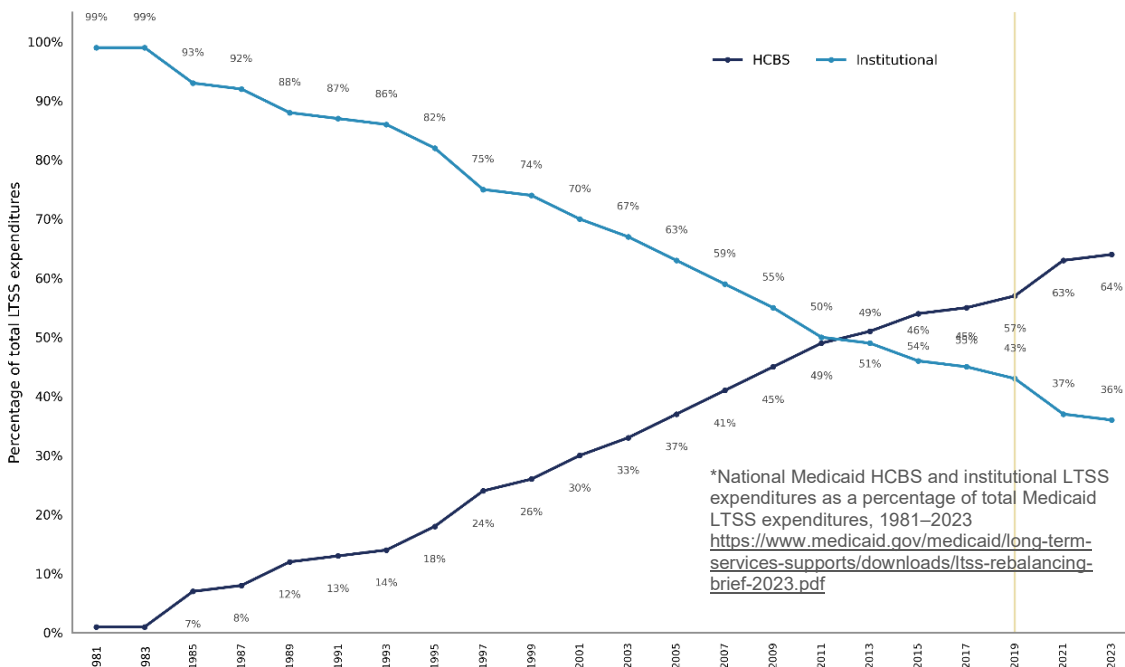


Figure 2 - this chart shows the large increases in the older population from 3.1 million people in 1900 to 49.2 million in 2016 and projected to 98.2 million in 2060.

Data compiled by Administration of Community Living, 2017 Profile of Older Americans  
Note: Increments in years are uneven.  
Source: U.S. Census Bureau, Population Estimates and Projections.

**Figure 3. National Medicaid HCBS and institutional LTSS expenditures as a percentage of total Medicaid LTSS expenditures, 1981–2023\***



\*National Medicaid HCBS and institutional LTSS expenditures as a percentage of total Medicaid LTSS expenditures, 1981–2023  
<https://www.medicaid.gov/medicaid/long-term-services-supports/downloads/ltss-rebalancing-brief-2023.pdf>

Long-standing joint Federal/state policy has focused on **reduced reliance on institutional services** and **increased reliance on HCBS**. **HCBS is less expensive than institutions** and deliver supports where people want to live – their homes.

As states and the federal government invest in HCBS as a cost-effective alternative to institutional care, **states stand ready to partner with CMS** to enhance the array of existing levers to prevent and address fraud, waste, and abuse.