

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



Medicaid Home and Community Based Services (HCBS) 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

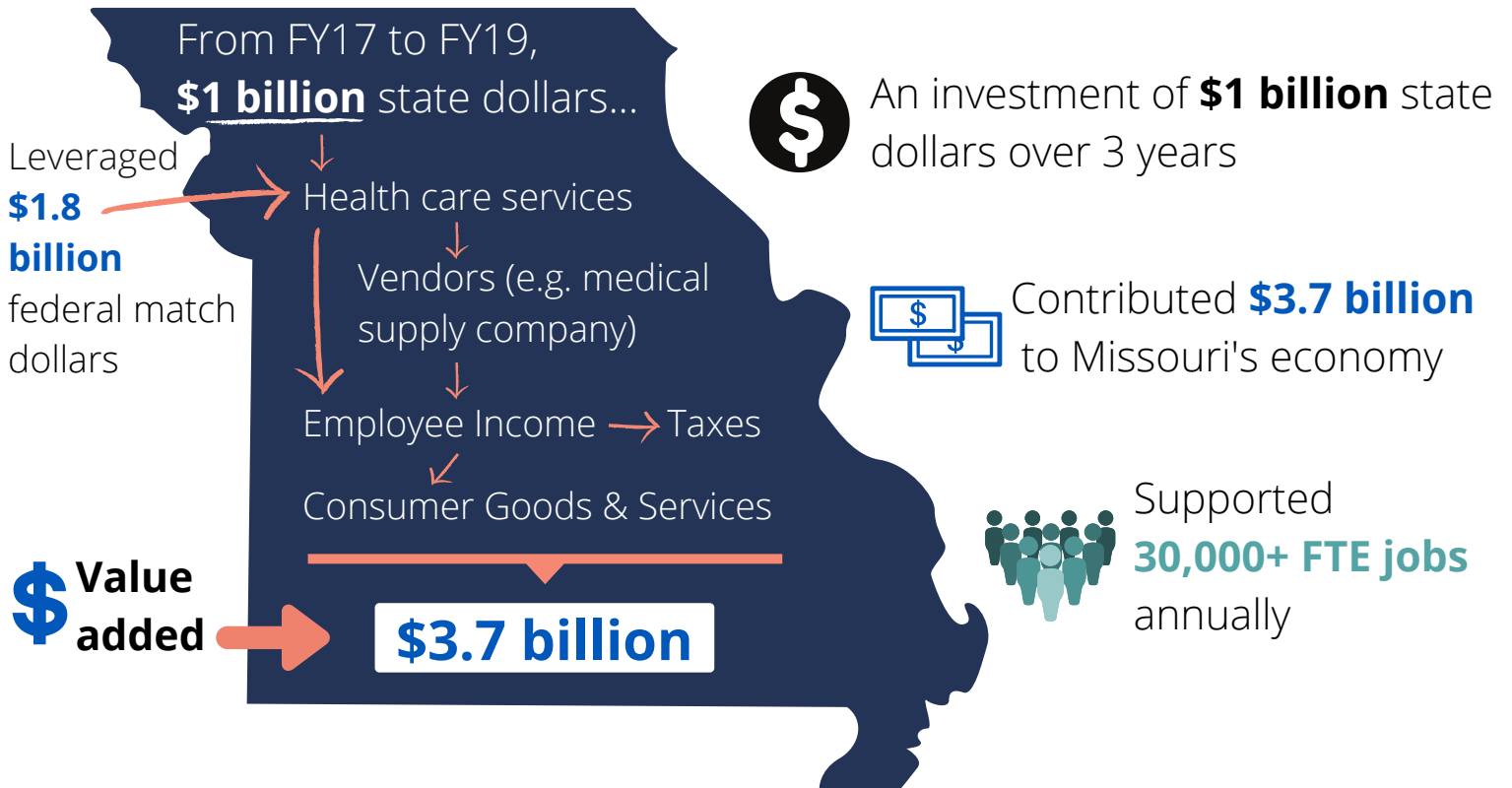
Low wages
cause
significant
recruitment
& retention challenges

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

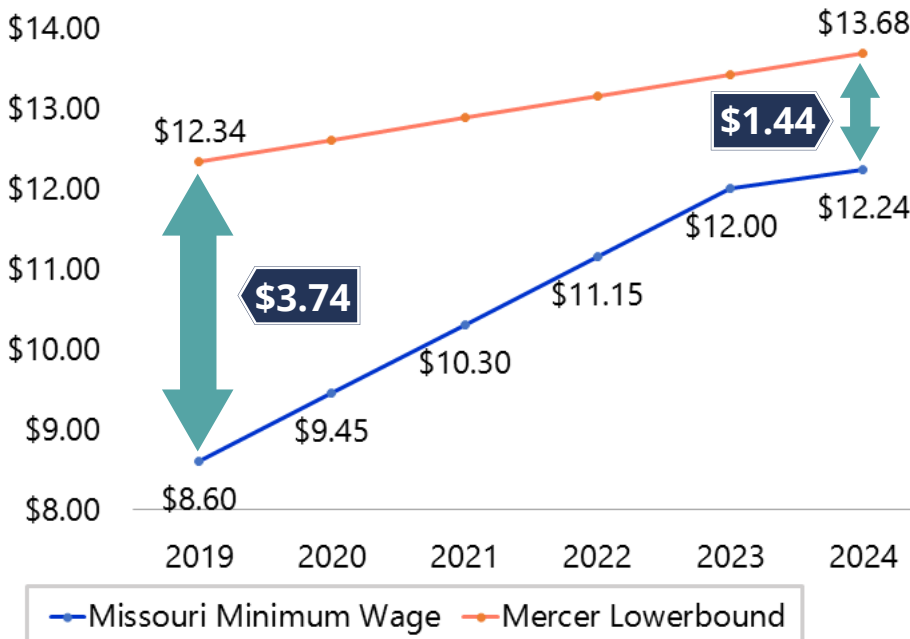
Annual cost per enrollee

\$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