

Toll free  
877-399-4VOR

Govt Relations/Advocacy  
P.O. Box 1208  
Rapid City, SD 57709  
605-399-1624 voice

Washington, D.C.  
529 Bay Dale Court  
Arnold, MD 21012-2312  
410-757-1VOR phone/fax

Tax Deductible Dues/Contributions  
836 S. Arlington Heights Rd., #351  
Elk Grove Village, IL 60007  
847-258-5273 fax

## The Truth About Costs of Caring for People with Mental Retardation 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 mental retardation 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 *Mental Retardation*, a journal by the American Association on Mental Retardation.

***“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.”***

**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).

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 mental retardation 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 (see e.g., H.R. 1279, a laudable bill that VOR supports), community costs will increase.

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 copy of the study, please contact Tamie Hopp,  
VOR Director of Government Relations and Advocacy at 605-399-1624; Tamie327@hotmail.com**