Myths and Realities

About Indiana's Home and Community Based Services

Home and Community Based Services, known as HCBS, are Medicaid-funded supports that help people with intellectual and developmental disabilities (IDD) live, work, and participate in their communities rather than in institutions. More than 46,000 Hoosiers depend on these services. Tens of thousands more are waiting. Indiana has been building this system for four decades, and the data are clear: it works, it is cost-effective, and the people who depend on it have no substitute.

In times of budget pressure, misunderstandings about HCBS can take hold quickly. The following myths are common. The realities are grounded in data.

Myth 1: Indiana can't afford to keep expanding community-based services.

Reality: Indiana's HCBS system has actually become **more** efficient over time, not less. The inflation-adjusted cost per waiver participant fell from $74,900 in FY 2013 to $45,700 in FY 2023, even as the number of people served grew substantially. Indiana has expanded its community-based system while reducing per-person cost in real terms over the past decade. The question is not whether Indiana can afford HCBS. It is whether Indiana can afford to concentrate spending in the most expensive settings while tens of thousands of people wait for services that cost a fraction of the alternative.

Myth 2: Cutting HCBS would save the state money.

Reality: Indiana's ICF/IID system, which includes Supervised Group Living, averaged $93,649 per recipient in FY2021 compared with $25,042 per HCBS waiver recipient in the same year, a nearly four to one difference. At the large facility end of the ICF/IID system, average annual expenditures reached $425,000 per person. Reducing access to community services does not eliminate support needs and can increase pressure on higher cost institutional services. Indiana's fiscal challenge therefore cannot be understood by looking at waiver spending in isolation.

Myth 3: People in facility-based settings receive better care than people in the community.

Reality: Indiana's NCI data demonstrate that people receiving community based services can experience strong community participation, meaningful choice in where they live, and high levels of access to primary care. Among respondents, 97% reported that they can be themselves in community groups and 96% reported feeling included by others. These outcomes do not support an assumption that more restrictive or facility based care is necessary to achieve good outcomes. At the same time, Indiana's community system has documented shortcomings in self determination, relationships, staff choice, and service reliability that require continued attention.

Myth 4: The waitlist reflects a lack of demand, not a gap in services.

Reality: More than 13,600 Hoosiers are waiting for HCBS waiver services. People placed on the Family Supports Waiver waiting list have completed the level of care process required for waitlist placement, including meeting Indiana's ICF/IID level of care standard. Nearly 78% of Family Supports Waiver applicants are children under age 13. At the end of 2024, the state was processing applications submitted in early 2022. Families are waiting years, not months. Applications for services grew 150% between 2020 and 2024, and the Community Integration and Habilitation Waiver had zero remaining capacity as of early 2026. This is not a system with slack demand. It is a system where demonstrated need has outpaced available community-service capacity.

Myth 5: Community-based services are a recent experiment without a proven track record.

Reality: Indiana has been building its HCBS system deliberately for more than four decades. The shift from institutions to community-based care began in the 1970s and accelerated through the 1980s and 1990s. Indiana closed its state-operated institutions years ago. In the RISP data, 92% of Indiana recipients across the combined waiver and ICF/IID population received waiver services. The State of the States project at the University of Kansas has tracked this transition annually for 40 years across all 50 states. The evidence base is deep, consistent, and clear: people with IDD live better lives and cost the public system less money when they are supported in the community.

Myth 6: Families choose facility placements because community settings aren't safe or adequate.

Reality: Families make placement decisions based on the options available to them, not on an abstract preference for congregate care. Most Hoosiers with IDD, an estimated 113,900 people or 73% of the total IDD population, live with family caregivers, many without any formal waiver services at all. When families choose facility placements, it is often because the community supports they need are not available, the waitlist is years long, or a crisis forced a decision. NCI family survey data shows that 93% of Indiana families with a family member receiving community services say those services are helping their family member live a good life. The issue is access, not preference. When adequate community supports are unavailable, families can face choices they would not otherwise make, including consideration of institutional-like placement. Access to adequate community supports is therefore central to whether community living remains a realistic choice.

Myth 7: Indiana is already doing more than most states - there's no room to do more.

Reality: Indiana has made real progress. Its fiscal effort, measured as IDD spending per $1,000 of statewide personal income, is near a historic high, reflecting substantial public investment in the system. The state also no longer operates state institutions, a distinction shared by only a limited number of states. But investment and adequacy are not the same thing. More than 13,600 Hoosiers are waiting for HCBS waiver services. Indiana's competitive employment outcomes for people with IDD trail national benchmarks and most Midwest peer states. Nearly 60% of caregiving families have a primary caregiver who is middle-aged or older, creating a demographic wave of future demand that is already in motion. What Indiana has built is worth sustaining. It is also not finished.

Myth 8: Community services only work for people with mild or moderate disabilities.

Reality: The Community Integration and Habilitation Waiver is specifically designed for people with significant support needs and provides comprehensive community-based services as an alternative to institutional care. All CIH participants must meet ICF/IID level of care as a condition of waiver eligibility. As of February 2025, 9,117 people were enrolled in CIH. The existence of this program demonstrates that people with substantial support needs can be supported outside institutional settings when adequate, individualized services are available. The barrier is not simply the severity of disability. It is whether the necessary supports are available and sufficiently funded.

Indiana has spent four decades building a community-based system that serves people well and spends public dollars efficiently. The data support it. The people who depend on it need it. The question is not whether Indiana can afford to sustain this system. The question is whether it can afford not to.

*This document draws on data from **A Preventable Crisis: How Institutional Spending Concentration Undermines Indiana's Community-Based IDD System**, a research brief published by the Indiana Institute on Disability and Community at Indiana University. Full citations and methodology available at iidc.indiana.edu.* Revised September 2026.