

Disability Community Act (H.R. 7267)

Helping to Sustain Home and Community-Based Services

Overview

The U.S. Department of Labor (DOL) recently finalized a rule (Overtime Rule) that will have a significant impact on Medicaid-funded disability providers.

The rule requires that the salary threshold for the overtime exemption be increased in phases, first to \$844/week (\$43,888/year) on July 1, 2024 and then to \$1,128/week (\$58,656/year) on January 1, 2025. This represents a substantial increase from the current salary threshold of \$35,368/year for the overtime exemption.

The Overtime Rule makes changes to the federal Fair Labor Standards Act to raise the salary threshold for certain executive, administrative, and professional employees to be exempt from overtime pay requirements.

Why Is the Disability Community Act Necessary?

Community-based providers support people with intellectual and developmental disabilities (I/DD) to live in their homes and communities through services funded through the Medicaid Home and Community Based Services (HCBS) program.

Decades of underinvestment in the Medicaid HCBS program have left the community-based provider network fragile and unable to incur new expenses without limiting access to services. An ongoing direct support workforce crisis has already forced many providers to close services or turn away new referrals. Because community-based providers are reliant on Medicaid funding, they cannot adjust to increased costs of service delivery without additional funding. Increased federal funding is necessary to enable Medicaid-funded providers to meet the cost of compliance with the overtime rule and other regulations that significantly impact the delivery of HCBS.

How Would the Legislation Ensure Greater Access to Services?

This legislation would authorize a Federal Medical Assistance Percentage (FMAP) increase for states for three years to help community-based providers address the cost of compliance with the overtime rule. The additional federal funding will allow providers to secure the benefits of this regulation for their workforce.