How Will Federal Budget Cuts & Changes in Policy Impact Adult Day Services?

Peter Notarstefano, NADSA Policy Committee Co-chair

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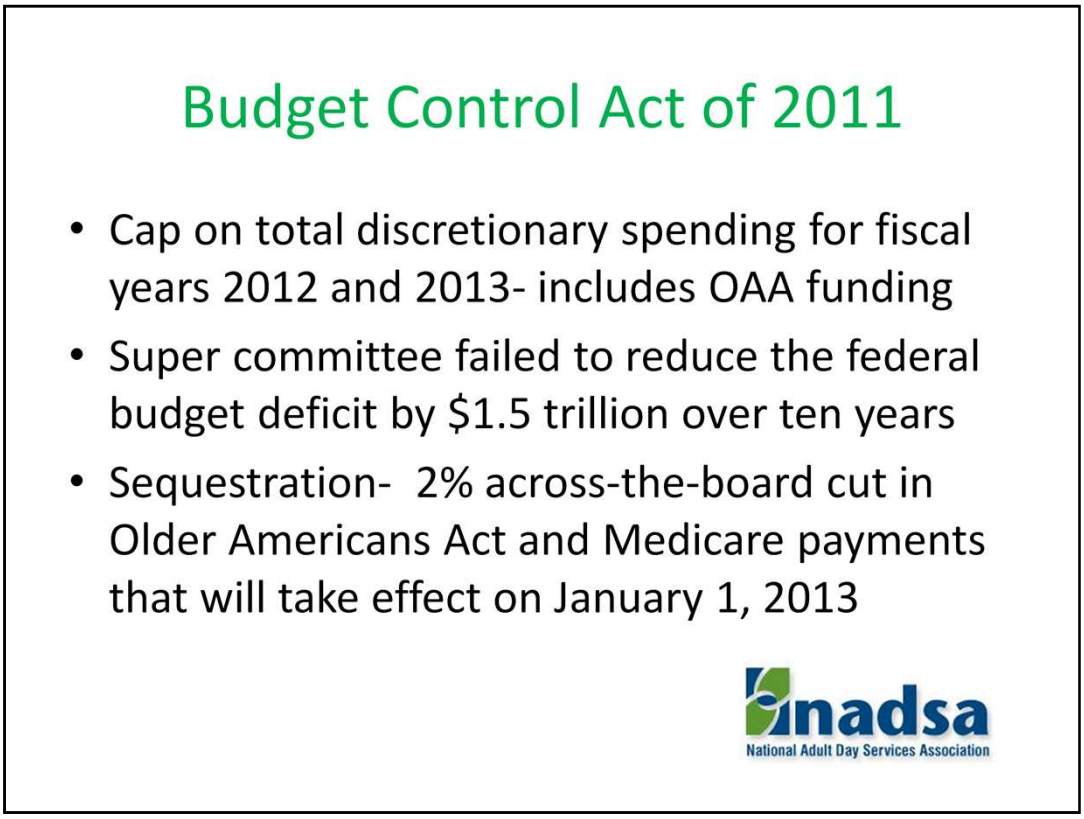
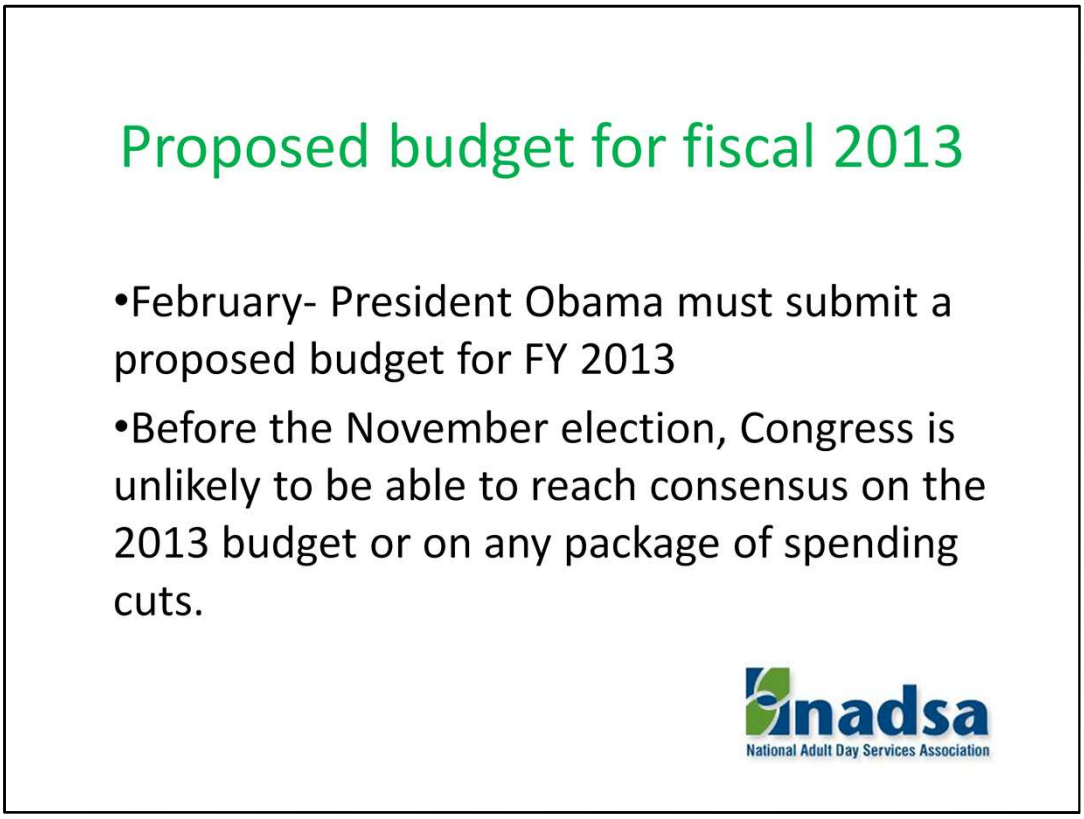
NADSA offers, news/trends about adult day, successes, where the industry is headed.



Debt Ceiling bill could result in cuts in Medicaid and OAA funding for Adult Day Services

Congress has just passed the Budget Control Act Amendment, which raises the national debt and helps cut the deficit. The bill imposes a cap on total discretionary spending for fiscal years 2012 and 2013, which includes the Older Americans Act home- and community-based services programs, such as adult day services. The appropriations committees in the House and Senate still will have to set the specific amounts of funding for OAA programs. Medicaid will be affected by the second round of spending cuts contained in the Budget Control Act Amendment. The bill sets up a special commission to reduce the federal budget deficit by $1.5 trillion over ten years. The commission could decide to cut Medicaid, and we need to contact our members of Congress to persuade them not to do so. If the commission fails to come up with a plan or Congress fails to pass a commission plan by the end of this year, the Budget Control Act Amendment provides for automatic spending cuts to be triggered. Fortunately, Medicaid would be exempt from this trigger mechanism. We are telling Congress that the budget should not be balanced at the expense of frail seniors and persons with disabilities.

In the debt ceiling bill, there is an immediate reduction in the deficit that is achieved by placing statutory caps on discretionary appropriations for fiscal years 2012 through 2021. The savings would amount to $935 billion over 10 years. Medicare and Medicaid would be protected in the first round of cuts, but these cuts could include the Older American's Act programs. A 12-member bipartisan joint committee (3 D Sens., 3 R Sens., 3 R Reps., 3 D Reps.) would be formed in order to find $1.5 trillion in savings. This joint committee could target cuts to Medicare and Medicaid, which the White House has said it would be open to. After October 14th, each Senate & House committee may send the committee recommendations for changes to reduce the deficit. After September 30, 2011, and not later than December 31, 2011, the House of Representatives and Senate, respectively, shall vote on passage of a joint resolution, the title of which is as follows: "Joint resolution proposing a balanced budget amendment to the Constitution of the United States. If two-thirds of both chambers voted to adopt this amendment and send it to the states for ratification then the second debt limit increase would be $1.5 trillion. On November 23, 2011, the committee will vote on a report containing a detailed statement of the findings, conclusions, recommendations, the estimate of Congressional Budget Office and proposed legislative language. If the committee can't come up with enough savings, automatic cuts would go into effect. Medicaid, Social Security and veterans' benefits would be protected. If Congress fails to act on the committee's recommendations, then Medicare providers would be subject to across-the-board cuts under a "trigger" included in the deal. Medicare beneficiaries and the Medicaid program would not be subject to those triggered cuts. The deal would raise the debt limit through 2012 and cap discretionary spending over 10 years. On December 23, 2011 there would be a vote on Joint committee bill in both House and Senate. If Congress fails to act on the committee's recommendations, then cuts would be made in both discretionary and mandatory programs, including defense and Medicare. The Medicare cuts under the trigger would apply only to providers and would be limited to 2 percent of total program costs. To add to this list of congressional action that could lead to cuts, September 30th is the deadline for the passage of the 2012 spending bills or a funding resolution.



We expect renewed debate in Congress over controlling the growth of spending on these two programs. In early February, President Obama must submit a proposed budget for fiscal 2013. This budget is likely to include proposals for Medicare and Medicaid cuts that were discussed but not enacted in 2011.

Before the November election, Congress is unlikely to be able to reach consensus on the 2013 budget or on any package of spending cuts. We have to anticipate that these issues will be the subject of intense activity in the lame duck session that is virtually certain to follow the elections at the end of next year.

Lame Duck Congress

- Democrats will move to push through legislation especially if they lose the Presidency or Senate

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What will happen in 2013?

- President Obama remains in office- no major change to House or Senate
- Republican President w/no change to House or Senate
- Republican President w/ more Republicans in the Senate (veto-proof)

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In the Senate, 21 Democrats, 10 Republicans and 2 Independents are running for office. The republicans could win 3 to 4 more seats since Sen. Lieberman CT, Sen. Kohl from WI and Sen. Ben Nelson are retiring, Sen. McCaskill from MO, and Sen. Tester from MT, are at risk, but Sen. Scott Brown- Republican from MA may also be at risk. Sens. Bingamin, Conrad and Webb are also at risk .There are currently 57 Democrats in the Senate and 40 Republicans. There are also two independents who caucus with the Democrats. Need 60 for bill to be veto proof. **Retiring or Resigned from Congress- 11 House Dems, and 6 House Republicans, 6 Senate Dems, 1 Senate Indep. And 2 Senate Republicans. Giffords seat could go Republican**

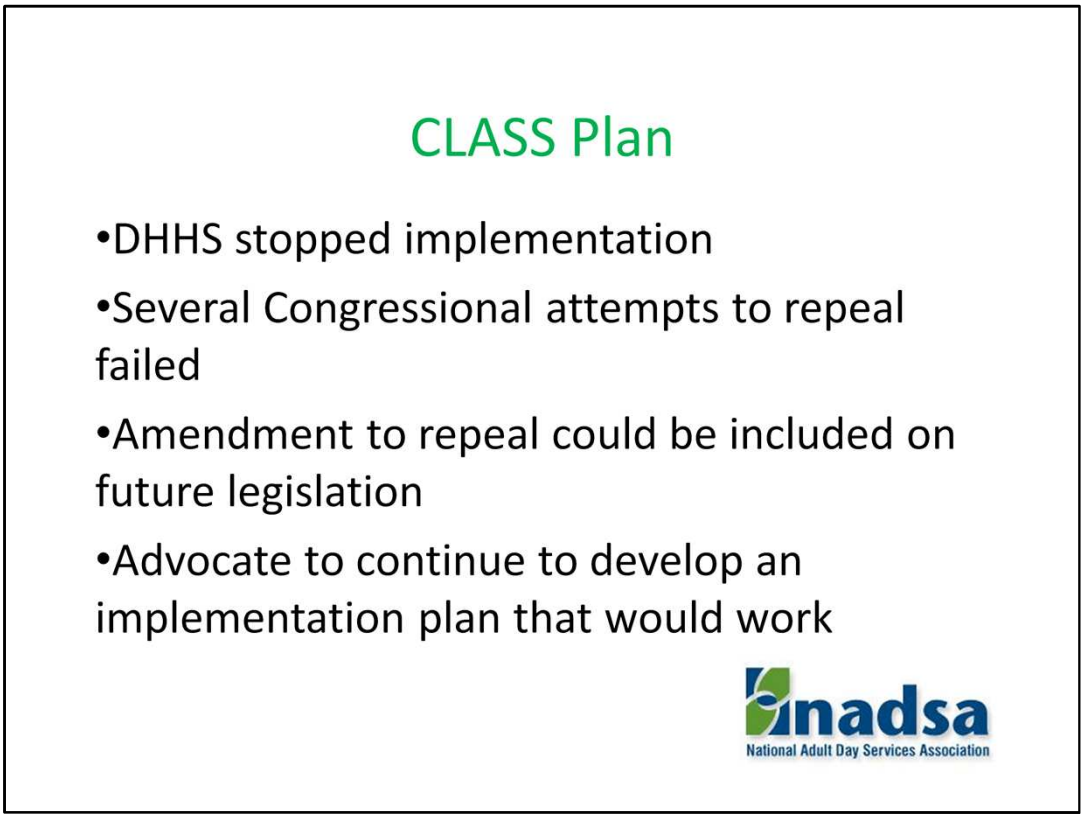
On the House side, there are 17 Democrats and 12 Republicans retiring. Also, there has been significant redistricting that could impact the election outcomes for House members. Democrats would need to win an additional 25 seats to take over the House of Representatives. (218 is the majority)- Not going to happen. Republicans currently have 242 seats and Democrats have 193 seats

End the program as an "open-ended" entitlement under which program costs automatically increase as more people become eligible.

Block grants
Swapping federal eligibility and benefit rules for state-specific goals
Eliminating the waiver process
Streamlining eligibility and enforcing reasonable cost sharing
Repealing "maintenance of effort" provisions
Establishing a single "blended rate" for federal matching funds.

Preserve Medicaid as an entitlement program and expand coverage with health reform but make certain targeted changes to achieve savings.

We faced a number of proposals in Congress and the Administration that would have reduced resources for long-term services and supports. These proposals ranged from Medicaid block grants to calls for cuts in reimbursement for bad debt.

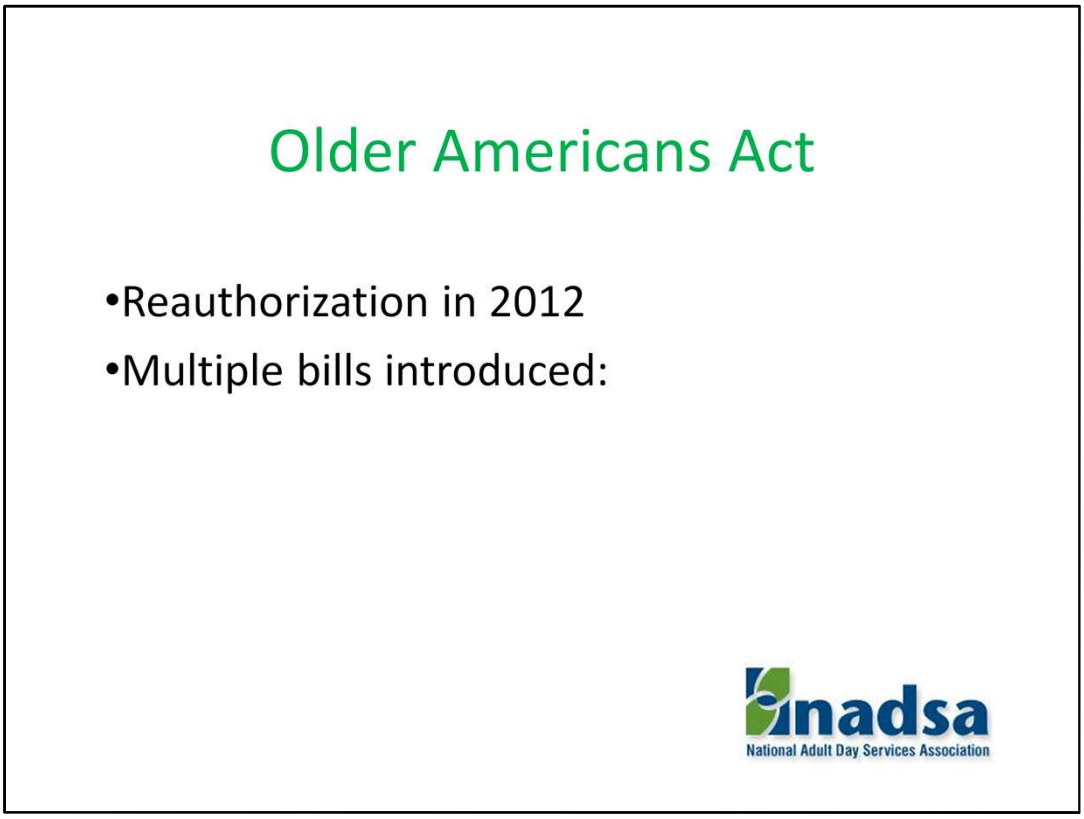


CLASS

We were severely disappointed in the Department of Health and Human Service's decision to halt the implementation of the Community Living Assistance Services and Supports (CLASS) program.

We continue to urge HHS to move forward with CLASS by appointing the advisory council called for in the Affordable Care Act.

Through intensive direct and grassroots advocacy, we fended off several attempts to repeal CLASS. We anticipate the necessity of continued efforts to preserve the program in the coming year.



Although the Older Americans Act, which funds nutrition, transportation, and other home- and community-based services, was due for reauthorization this year, Congress did not consider legislation to renew the program. We expect reauthorization legislation to be introduced early in 2012.

Congress continued funding for OAA programs at a slightly reduced level for fiscal 2012. Home-delivered and community nutrition programs and transportation programs did not receive funding cuts.

Incentives for states to increase access to adult day services

Community First Choice option

- 6% increase in FMAP if the state increases access to personal attendant care for individuals on Medicaid that have a skilled need
- begin 10/1/11
- Must be requested by the state

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Community First Choice option allows states to receive a 6% increase in their Federal Medical Assistance Percentage FMAP if they increase the access to personal attendant care for individuals on Medicaid that have a skilled need. This option could encourage states to reduce or eliminate waiver waiting lists for personal care services provided by adult day, and home care providers. It will begin 10/1/11. You should encourage your state governors and Medicaid Directors to take advantage of this benefit. One barrier is that the eligibility is at 150% of FPL and that could limit eligibility.

More incentives for states to increase Adult Day Services

HCBS Rebalancing Incentive Program

- less than 50% of their LTSS budget on Medicaid HCBS will receive a 2% increase in FMAP . .
- optional state Medicaid program
- 3 structural reforms required
- 10/1/2011 to 9/30/15

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HCBS Rebalancing Incentive Program is an optional state Medicaid program that will encourage states to spend more on HCBS options. States that spend less than 25% of their LTSS budget on Medicaid HCBS will receive a 5% increase in FMAP to pay for additional HCBS, and States that spend less than 50% of their total LTSS budget on Medicaid HCBS will receive a 2% increase in FMAP if they meet target goals for re-balancing and changing their HCBS delivery system by 10/1/15. The states will have to increase their state Medicaid expenditures, such as funding for Medicaid 1915 (c) waivers, PACE, home health and personal assistant services under the Medicaid state plan in order to receive additional FMAP. The states also are required to implement 3 structural reforms in order to receive the incentive payment: They need to implement 1. No Wrong Door / Single Point of Entry; 2. Conflict-free case management program and 3) Core standardized assessment. This provision will help all HCBS providers in the States that choose to participate in the program. You should encourage your state Governor and Medicaid Director to take advantage of this benefit. This program will be in effect from 10/1/2011 to 9/30/15.

Health care reform & HCBS Medicaid

Improvements in the Money Follows the Person grant

- 30 states . TX has been a leader transitioning over 12,000 persons
- HCR changed the residency requirement from 6 months to 90 days (short-term Medicare post-acute care doesn't count toward the 90 days).
- HRC extended the funding to 2016.
- HCR now allows states under MFP to include as many services as they want to.
- MDS. Sec. Q may increase the # of people transitioning

- Terrific opportunity for Adult Day Services

Extension of Money Follows the Person demo & changes in residency requirements- extended through 2016 (was 2011) Change from 6 months to 3 months)

Improve 1915 (i) eligibility- change from 150% to 300% if SSI , eliminate statewideness and comparability. 5 year phase in

Adult Day Achievement Act

- Rep. Barbara Lee D-CA and Sen. Bob Casey D-PA
- (HR 883 & S 495)
- Grants and research ADC that serve individuals- neurological disease or conditions like multiple sclerosis (MS), Parkinson's disease or traumatic brain injury (TBI).

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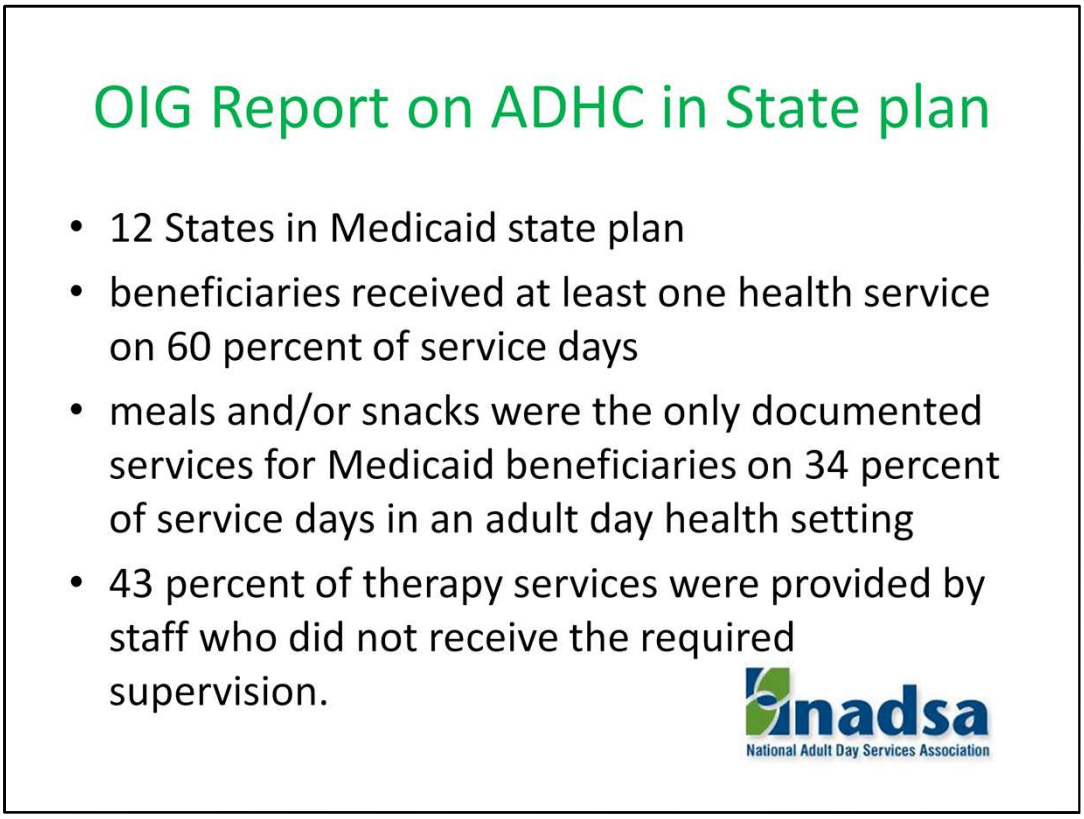
In the Adult Day Achievement Centers, these individuals would receive the physical therapy, occupational therapy, nursing services, counseling and case management that they need to remain independent in their communities. These programs would also help their working caregiver remain in the work force.

There are over 400,000 Americans that struggle with Multiple Sclerosis, and a large number of Veterans who have traumatic brain injuries TBI need these services to remain in the community. We hope that you will co-sponsor this important legislation. On the Adult Day Achievement Act, you should emphasize that it would fund grants to adult day centers that have specific programs for individuals with neurological diseases and conditions, such as MS, Parkinsons, traumatic brain injury and similar diseases. The first year, would fund 5 programs, second year 10, third year 12 and fourth year 15 adult day centers. There would also be funding for research. There would be about $28 million in funding.

Medicare Adult Day bill

- Option one- permanent part of Medicare
- Option two- demonstration
- Option three- expanding the use of Adult Day Services through Managed Care



This OIG study is in the 2011 OIG work plan
OIG releases report on Medicaid Services in Adult Day Health
The Office of the Investigator General released a report (OEI-09-07-00500) on Medicaid services provided in adult day health .OIG focused on 12 States that, as of December 31, 2007, provided nursing- and therapy-focused adult day health services through a State plan benefit to primarily elderly or disabled individuals. Using medical reviewers, OIG reviewed a random sample of 300 adult day health service days from the last 6 months of 2007. The report states that beneficiaries received at least one health service on 60 percent of service days. Within broad Federal Medicaid requirements, individual States establish the specific requirements that must be met for Medicaid reimbursement of adult day health services. OIG found that meals and/or snacks were the only documented services for Medicaid beneficiaries on 34 percent of service days in an adult day health setting. They also found that approximately 43 percent of therapy services were provided by staff who did not receive the required supervision. Finally, the report states that although documentation associated with most service days included timely assessments, in some cases documentation lacked appropriate physician orders or was inconsistent with plans of care. The OIG is recommending that CMS specify what services are required for Medicaid reimbursement of adult day health services: direct States to enforce supervision requirements for staff who provide therapy services in Medicaid adult day health centers, and take appropriate action to address the centers that did not respond to repeated data requests. In its written comments on our draft report, CMS concurred with all of our recommendations and outlined the steps it will take to implement them.

Medicaid Adult Day Care Services for Elderly Individuals Who Have Chronic Functional Disabilit ies
We will review Medicaid payments to providers for adult day care services. The Social Security A ct, § 1929(a)(7), allows Medicaid payments for adult day care services through home and comm unity care for elderly individuals who have chronic functional disabilities. We will determine wh ether Medicaid payments to providers for adult day care health services were in compliance wit

h Federal ad State regulations.
(OAS; W-00-11-31386; various reviews; expected issue date: FY 2011; new start

NADSA- Where are we now?

New Mission Statement

The National Adult Day Services Association advances the national development, recognition and use of Adult Day Services.

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We are on our own with a full time employee, with a goal of adding more staff.

NADSA Five Areas of Focus

- Public Policy and Advocacy
- Marketing
- Research
- Education
- Membership and Development

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Public Policy- NADSA is a member of the Leadership Council on Aging, hiring a lobbyist, setting up an annual lobbying day for state associations
Marketing- distribute member stories to national news media
Research- contacted foundations, added Dr. Zarit from Univ. of PA on the BD. We have two Bd members who are researchers. Working on a national study on quality outcomes and or replicating the Parma General Hospital study
Education- webinars for members, annual conference- next year in Pittsburgh
Membership and development – major increase in membership and sponsors

Some Key Initiatives

- Hire federal lobbyist
- Visit “the Hill” on March 27, 2012
- Double membership by end of 2013
- Collaborate with NCHS/CDC on National Survey of Long Term Care Providers

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NADSA- Where are we now?

- NADSA and Ohio State University College of Social Work (OSU) partnered with the MetLife Mature Market Institute to conduct a two-phase study on Adult Day Services
- Met with CMS and submitted comments on Brandeis University report on Medicare HH/ADS demo

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The NSLTCP will replace the periodic individual surveys NCHS has traditionally conducted (i.e., National Home and Hospice Care Survey-NHHCS done 7 times since the 1990s, and National Nursing Home Survey-NNHS done 7 times since the 1970s). NCHS is making this change so that we may collect data more frequently than in the past and include a broader range of LTC providers than in the past, including adult day services. Because we are aiming to do this within the same limited set of resources as we've had in the past decade for the NCHS long-term care data infrastructure, we have to make trade-offs. The trade-off for increasing the frequency of data collection and including more types of providers than we have done in the past is that we need to focus on collecting provider-level data and aggregate-level data on care recipients (e.g., adult day services clients). That is, in contrast to the previous NNHS and NHHCS, we will not sample individual residents or patients.

NCHS plans to conduct the first round of data collection for this new NSLTCP survey in 2012. To prepare for this first year of data collection, we need to line up, obtain, and/or create up-to-date, high-quality, complete frames of each type of LTC provider over the next several months. We need to do so in a way that best uses our limited resources most wisely. As part of this effort, we are identifying those provider types where a current frame may already exist which might be used for the 2012 NSLTCP. For example, we plan to use the December 2009 frame of residential care providers created for our 2010 National Survey of Residential Care Facilities again to draw the sample of those providers for the

2012 NSLTCP.

NADSA- Where are we now?

- Helped introduced the Medicare Adult Day Services Act of 2009 in the House- 97 co-sponsors from 30 states. Established coalition and steered lobbying efforts
- NADSA partnered with the University of Wisconsin to hold a Think Tank on Research on Adult Day Services in 2010 funded by the Bader Foundation.

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Holly Dabelko PhD Ohio State University, Keith Anderson PhD Ohio State University, Namkee Choi PhD University of Texas, Rhonda Montgomery University of Wisconsin, Marie Sauvadanagum Univ. of Wisconsin and Joe Gaugler PhD University of Minnesota participated in the Think Tank on research on Adult Day Services. The report should be out in May.

NADSA- Where are we now?

- Working with the National MS Society to lobby for the passage of the Adult Day Achievement Act
- Regular meetings with the Veteran's Administration concerning referrals and the handbook. 29% increase in the use of ADS by the VA in 2009
- Met with OIG on ADHC in Medicaid state plan

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29% increase in ADS by the VA in 2009

NADSA- Where are we now?

- Quarterly newsletter
- Webinars for members
- Research task force
- Public Policy Committee
- Assisted a number of states concerning issues on licensing, Medicaid reimbursement, and regulations

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MetLife/ Ohio State/ NADSA Study

- 4601 ADS programs serve 260,000 people in 2010 (a 35% increase since 2003)
- Adult day Centers providing PT increased from 10% in 2002 to 23% in 2010
- 86% of ADS are licensed
- 83% have balanced budgets (was 56% in 2003)
- Average census 57 (was 42 in 2003)
- Caring for people with more functional disabilities

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45% toileting
44% Rx management
30% bathing
25% transferring

Get involved!

- Write your representatives in Congress about Adult Day Services. Have your participants tell their story
- Invite your local, state and federal politicians to visit your Adult Day Center
- Get involved with your State Association and the National Adult Day Services Association
- Encourage adult day providers who are not members of your state association or NADSA to join

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NADSA has a policy committee, research committee, business and development committee, membership committee

We have sample letters and

For more information

- Contact information for

Peter Notarstefano

301 775-5726

Peter.not8030@gmail.com