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After Reopening Their Doors, Adult Day Providers Are 'Starting from Scratch'

By Joyce Famakinwa | March 6, 2022

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Last year, adult day centers across the U.S. were attempting to safely reopen after COVID-19 forced them to shut their doors.

Now, up and running again, the sector still faces challenges while trying to solidify a more prominent role in the senior care space.

“In general, two-thirds of states had some sort of temporary restrictions with suspended service,” William Zagorski, board chair of the National Adult Day Services Association (NADSA), told Home Health Care News.

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Though specific services vary across different providers, adult day centers provide seniors access to community-based social and health services. This can include recreational activities, meals, medical services, therapeutic activities, personal care and more.

The popularity of adult day services slowly began to rise over the year and there are now more than 6,000 adult day centers across the U.S., according to NADSA.

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However, this growing popularity screeched to a halt amid the COVID-19 emergency.

“The states where adult day services were able to continue to stay open saw a significant reduction in service utilization,” Zagorski said. “Last year, once we got into what we thought was the easing of the pandemic, there was still a lot of fear with people coming out and people coming back. Some states still had temporary restrictions and suspended services. States that did reopen saw a lot of capacity restrictions.”

In some cases, adult day centers were only able to serve 50% of their previous capacity, according to Zagorski.

During the process of reopening, some adult day providers also ran into issues supplying transportation — a popular benefit at many centers. Outside vendors were not able to transport as many individuals at one time, or at the same capacity as before. Providers that offered transportation internally also faced capacity restrictions.

Still, the biggest challenges arose due to a lack of funding.

“There was very little federal funding assistance or even state-level funding assistance,” Zagorski said. “Outside of [Paycheck Protection Program] loans, there was very little support, ... which led to some pretty significant issues last year.”

Mollie Gurian, vice president of home- and community-based policy at LeadingAge, described the impact of this lack of funding as “disruptive” from both a financial and operational perspective.

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environment. Some adult day centers have chosen not to reopen [state](#)

Washington, D.C.-based LeadingAge is an association of more than 5,000 nonprofit aging services providers and organizations.

For providers, the lack of government relief hit especially hard because adult day was already a sector that faces challenges around reimbursement.

“Adult day is mostly Medicaid, some [veterans affairs] and private pay,” Gurian said. “A lot [of adult day centers] were already not receiving enough costs to cover care.”

When adult day centers were shut down, many pivoted to virtual activities, meal deliveries and other workarounds. But funding remained a pain point.

“They came up with some creative solutions, but when the centers were closed they weren’t being paid,” Gurian said. “There were some flexibilities from the U.S. Centers for Medicare & Medicaid Services (CMS) that allowed for retainer payments, and then those flexibilities expired and there was a bit of a gap in the ability to get any federal funds until the passage of the American Rescue plan.”

Even now, Gurian called funding for adult day a “mixed bag” based on state policy.

“In some states where the intent is to give some of their relief dollars — either through the American Rescue Plan Medicaid dollars or the American Rescue Plan state and local dollars — to adult day, they’re having trouble getting the formula correct, given these openings and closures,” she said. “In some states, relief passed last year is expiring.”

Gurian noted that LeadingAge will advocate on behalf of adult day and other HCBS providers, hoping for enhanced funding that may arise from whatever legislation takes the place of the [Build Back Better plan](#).

Building back

Despite the ongoing challenges taking place across the adult day sector, there are some tailwinds that could mark the beginning of a turnaround.

In general, adult day providers have had an easier time with staffing challenges compared to their home-based care counterparts, according to Zagorski.

Starting is less of a challenge than it is in one of the home care and home health industries.”

Adult day providers are also operating at a time when there has been a greater push to move away from facility-based care. This larger shift has also meant a greater embrace of home-based care, high acuity care in the home and the [Program of All-Inclusive Care for the Elderly \(PACE\)](#).

“Individuals in nursing homes had the highest mortality across the U.S. when it came to COVID,” Zagorski said. “People don’t want to use nursing homes as much. They also don’t want to be restricted from seeing their loved ones when they’re in nursing homes. People want to be able to stay at home, and adult day services, especially in combination with other home-and community-based care services, is really an answer to that.”

Zagorski also believes that the COVID-19 emergency has motivated adult day providers to further enhance their services.

Plus, adult day has not seen significant cost increases in recent years, compared to other long-term care settings.

In fact, the cost of adult day services saw a 5.41% year-over-year rise to a median cost of \$20,280, according to Genworth Financial Inc.’s (NYSE: GNW) [annual cost of care survey](#).

Comparatively, home health increased by 12.5% to an annual median cost of \$61,776, and home-maker services went up by 10.4% to an annual median cost of \$59,488.

From a business standpoint, adult day is still playing catch up with some of its HCBS care counterparts. But Zagorski believes the sector is primed for expansion once again.

“Adult day is about five to ten years behind where the home care industry was with their M&A and service expansion and ten to 15 years behind the home health expansion, but there are a lot of opportunities and adult day providers are becoming more sophisticated,” he said.

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Joyce Famakinwa

Joyce Famakinwa is a Chicago area native who cut her teeth as a journalist and writer covering the worker’s compensation industry and creating branded content for tech companies and startups.

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