

April 2015

Medicaid HCBS Settings Regulations and Adult Services

Background

Medicaid home and community based services (HCBS) include a wide range of health and social services that enable seniors and people with disabilities to live in community based settings. HCBS programs are operated under a variety of Medicaid authorities, but the most common are sections 1915(c), 1915(i), and 1115 of the Social Security Act. In 2014, the Centers for Medicare and Medicaid Services issued a final rule that creates new requirements on providers of HCBS who receive Medicaid funding. A significant part of the rule is a provision that requires states and providers to ensure that individuals enrolled in HCBS programs live and receive services in integrated, community-based settings. As part of the regulation, new restrictions are placed upon providers that could potentially isolate beneficiaries from the broader community, with specific scrutiny placed upon settings that are attached to, adjacent to, or on the grounds of a hospital, a nursing home, or a similar institutional provider. This rule is frequently referred to as the “HCBS settings” regulation.

Adult Services are a component of many state HCBS programs and are likely to be significantly impacted by the CMS regulation. Adult Services are often known by other names, such as Adult Day Services, Adult Day Health, or Adult Day Care; however, for the purposes of this report we are simply referring to them as “Adult Services.” Adult Services covers a wide array of services, including a combination of social and medical supports. The comprehensive nature of Adult Services allows individuals to remain in their communities by ensuring that all of their needs are met in a single location. Consequently, older adults and people with disabilities are able to live in their own homes or the homes of their families without concerns about whether they are receiving adequate nutrition, health care, and socialization supports. Adult Services draw funding from a number of sources, including Medicaid, the Older Americans Act, state general funds, out-of-pocket expenditures, private insurance, the Social Services Block Grant, and a variety of other programs.

According to the Center for Disease Control, there are approximately 4,800 Adult Services centers across the country that provide care to over 270,000 individuals.¹ The intersection of health care and social services, coupled with the need for adequate facilities to provide care, has led a number of providers to establish centers attached to or on the campus of a larger health provider, such as a hospital or nursing home. Unfortunately, these centers may be at risk of losing Medicaid funding under the new HCBS settings regulation.

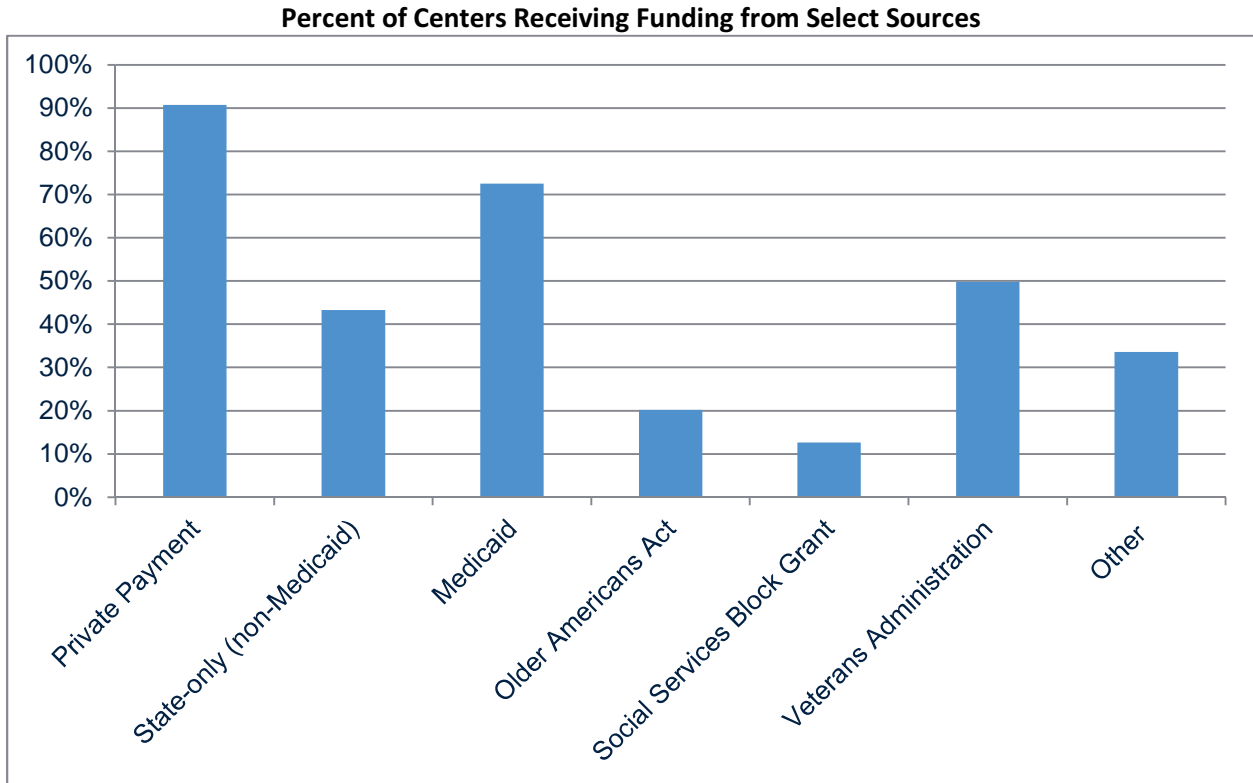
In order to assess the role of Adult Services in the broader continuum of HCBS, the National Association of States United for Aging and Disabilities (NASUAD) administered a survey of Adult Services centers in late 2014. The survey received 247 responses, and included representation from 36 states and the District of Columbia.

Key Findings

Finding One: Adult Services providers leverage a number of funding sources and serve a wide range of individuals, including those who are not eligible for Medicaid. According to survey responses, 90% of centers received some private payment; 72.5% received Medicaid funding; and 49.8% received funding from the Veterans Administration. Centers also indicated receiving funding from sources such as private

¹ Harris-Kojetin L, Sengupta M, Park-Lee E, Valverde R. Long-term care services in the United States: 2013 overview. National health care statistics reports; no 1. Hyattsville, MD: National Center for Health Statistics. 2013. http://www.cdc.gov/nchs/data/nsltcp/long_term_care_services_2013.pdf

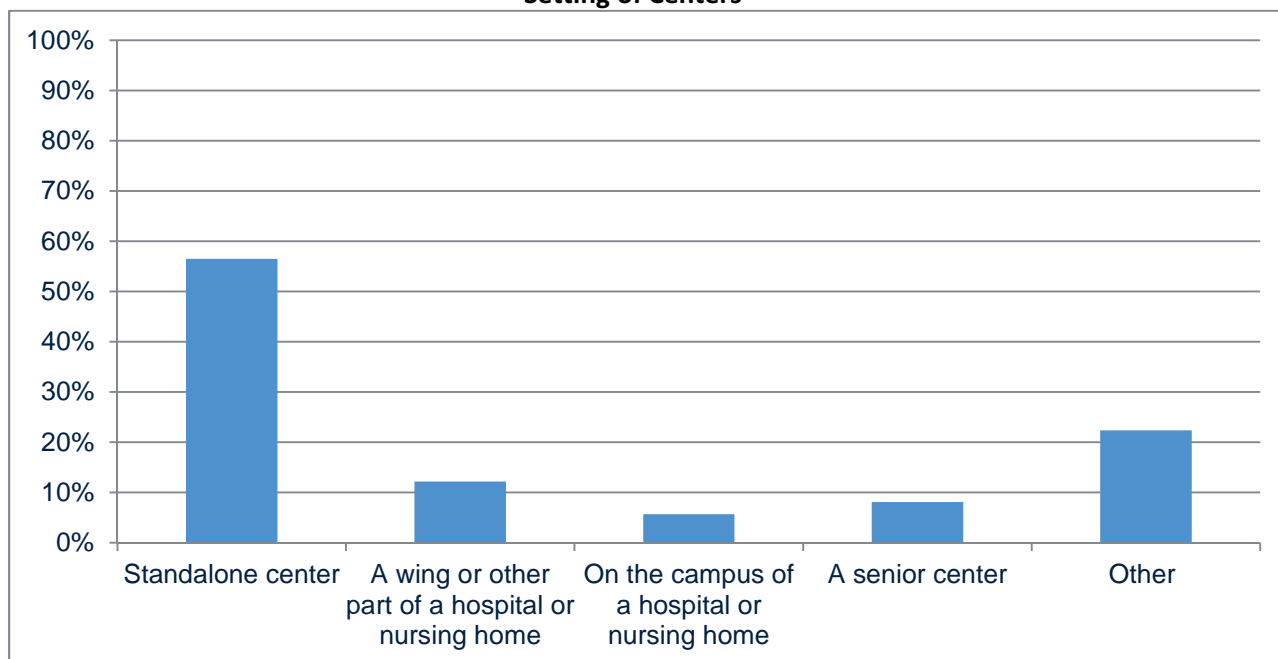
long-term care insurance; Social Services Block Grant; and the Older Americans Act. “Other” sources of funding varied considerably, but included private donations, foundation grants, fundraising activities, and county revenue.



The diversity of funding indicates that many individuals seek out services in Adult Services centers, including those who are not enrolled in Medicaid. As CMS evaluates the application of the HCBS regulation to Adult Services providers, it should recognize that a wide range of individuals, including those paying for services themselves or another non-Medicaid source, actively seek services in these centers.

Finding Two: Centers are situated in a wide range of locations, including standalone buildings, senior centers, faith-based organizations, or attached to nursing homes or hospitals.

Setting of Centers

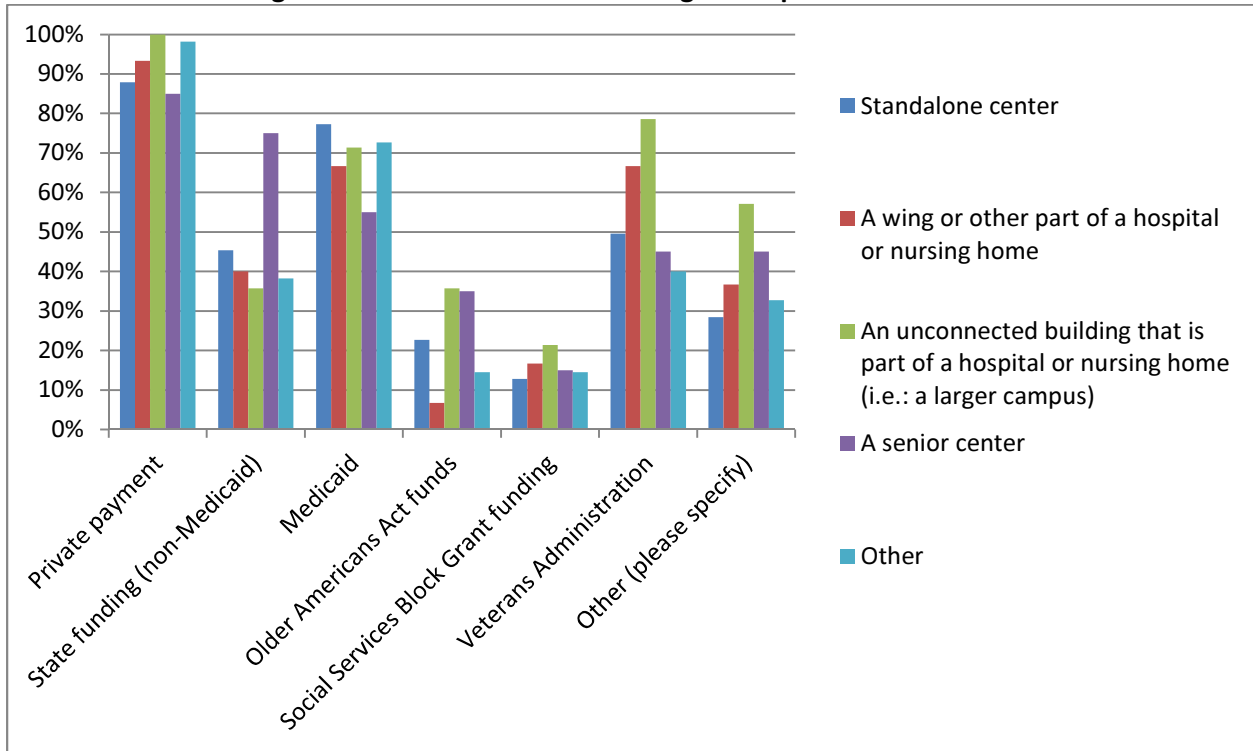


Other settings identified by respondents included churches, synagogues, business complexes, assisted living facilities, and other senior housing centers. Although centers are located in a variety of settings, including a significant number of standalone centers, many providers are located either within a hospital or nursing home, or on the campus of such a facility. CMS guidance indicates that these settings will be presumed to not be home and community based, unless a state demonstrates that they meet certain characteristics of inclusion.² The survey indicates that the majority of Adult Services providers would not be subject to this presumption; however, any reduction in available centers could negatively impact the ability of individuals to remain in the community. This would run counter to the intended goals of increasing individuals in HCBS and improving community integration.

Finding Three: While there is some variation in some sources of funding based upon where the Adult Services center is located, there does not appear to be firm correlation between a center’s setting and whether it receives private payment or Medicaid funding. Centers based in hospitals or nursing homes are more likely to receive funding from the Veterans Administration than other settings, and Adult Services provided in senior centers appear to be more likely to receive state allocations. A majority of all centers reported receiving both private payments as well as Medicaid reimbursements.

² <http://www.medicaid.gov/medicaid-chip-program-information/by-topics/long-term-services-and-supports/home-and-community-based-services/downloads/q-and-a-hcb-settings.pdf>

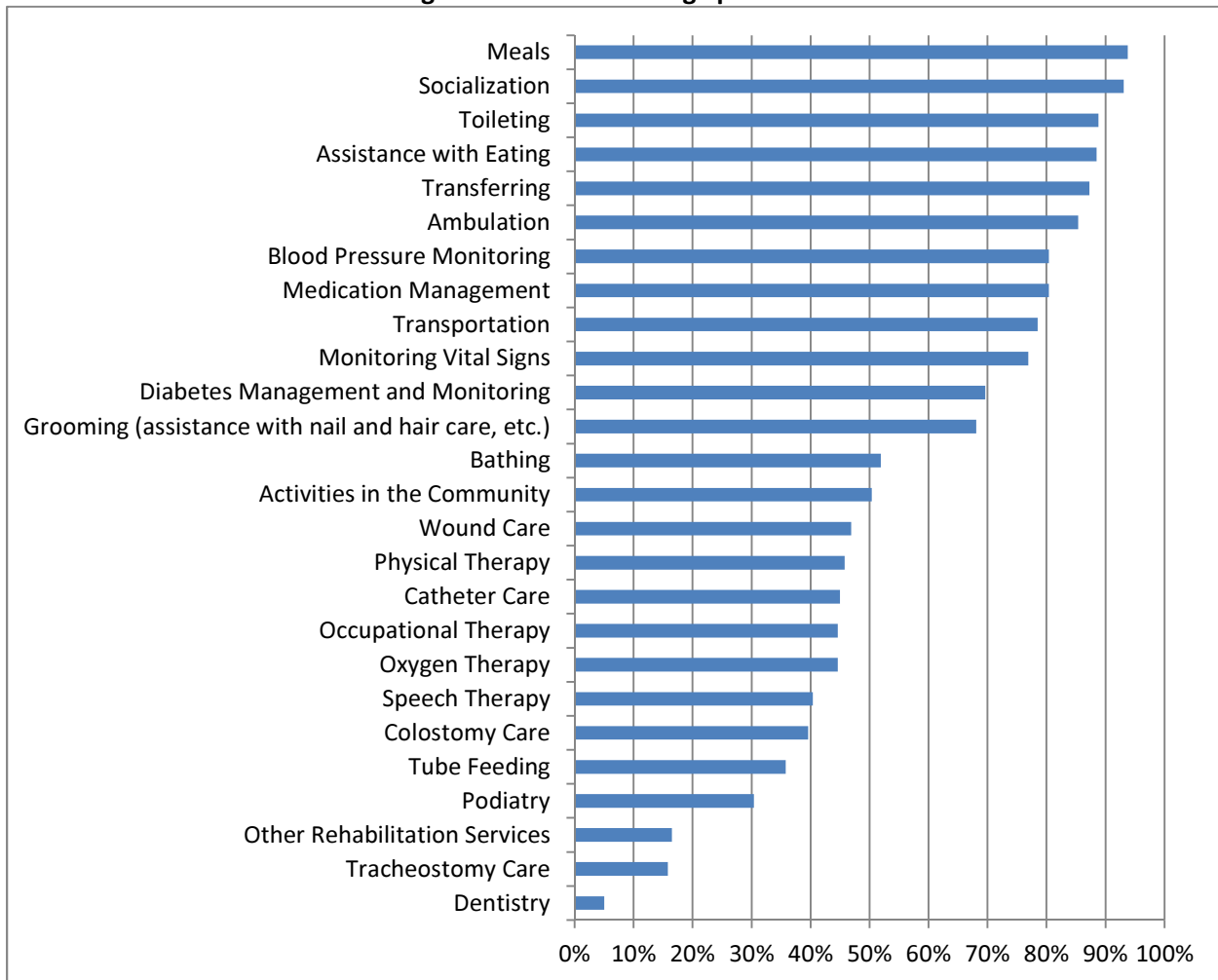
Percentage of Centers that Receive Funding from Specified Sources



As noted earlier, the diversity of funding sources, including private payment, indicates that many individuals actively select to receive services in Adult Services centers. The funding diversity applies to centers in all types of settings, including those located on the grounds of a larger health care facility.

Finding Four: Adult services providers deliver a wide array of health and social supports. Respondents reported providing a number of services and supports, including health, nutrition, rehabilitation and therapy, as well as socialization and community integration.

Percentage of Centers Providing Specified Services



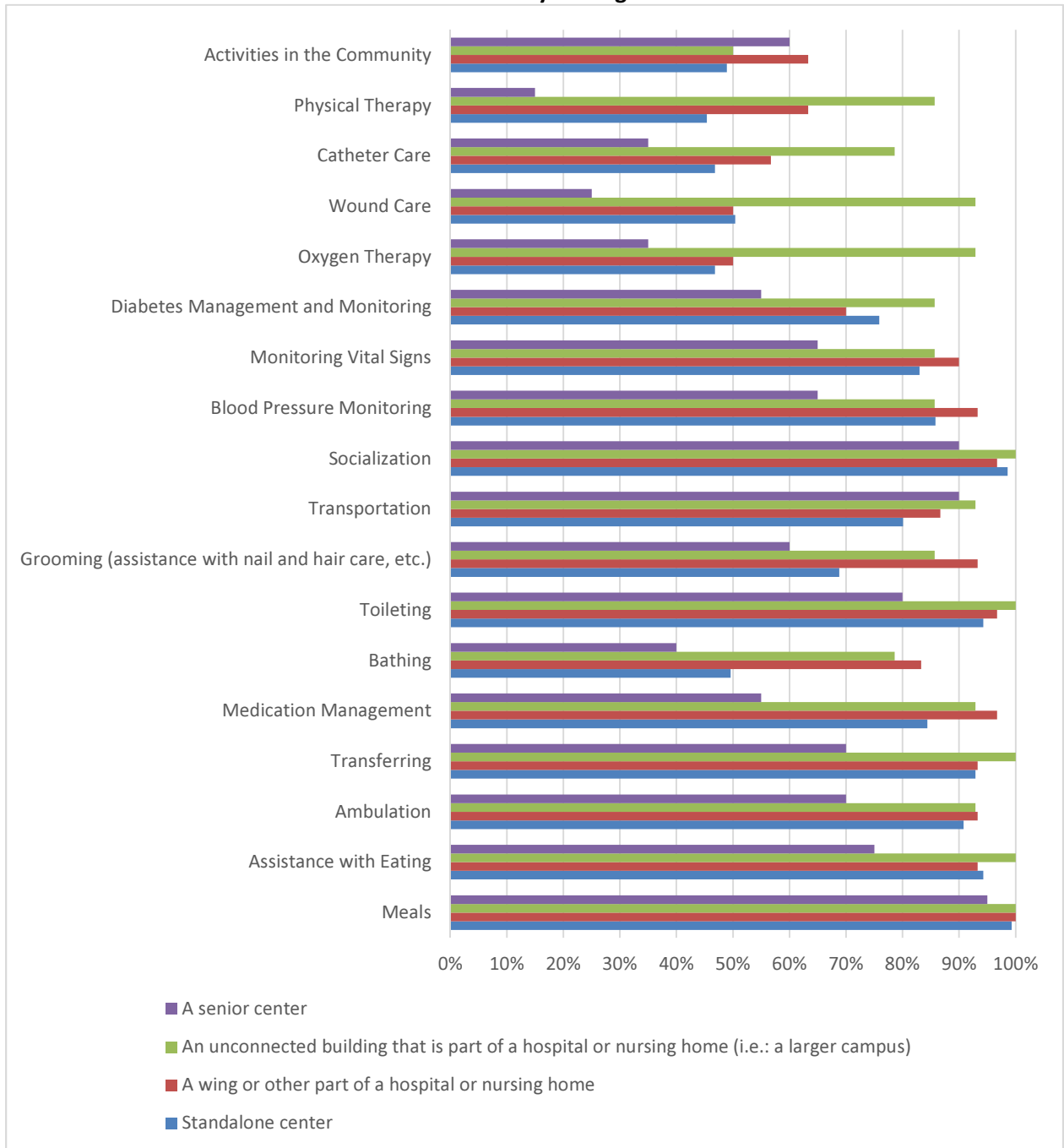
The wide range of services provided is indicative of the complex needs of populations served by the centers. According to the CDC, nearly a third of participants had Alzheimer’s disease or related dementias, and approximately one in four participants had a developmental or intellectual disability.³ The broad array of services available at centers also demonstrates the value of Adult Health in the lives of individuals in HCBS programs.

The survey demonstrates that Adult Services Centers provide many services and supports that allow individuals to live at home instead of a nursing home, as family members are unlikely to have the medical skills or training necessary to provide many of the health care services. Similarly, these centers are an important part of ensuring proper and adequate nutrition as well as medication management for many individuals. These necessary services are coupled with the opportunity for seniors and people with disabilities to engage in socialization activities.

³ Dwyer LL, Harris-Kojetin LD, Valverde RH. Differences in adult day services center participant characteristics by center ownership: United States, 2012. NCHS data brief, no 164. Hyattsville, MD: National Center for Health Statistics. 2014. <http://www.cdc.gov/nchs/data/databriefs/db164.pdf>

Finding Five: The setting where adult services are offered appear to affect the intensity of services offered. Centers located on the grounds of an institution or hospital appear to provide more comprehensive health-care related services, such as physical therapy, wound care, or oxygen care when compared to their peers. However, it is uncertain whether this is due to a sampling bias since this setting received the lowest number of respondents for the question. The wide range of services provided in all centers, coupled with the intersection of health and social supports, further demonstrates the importance of Adult Services within the lives of individuals that utilize these supports.

Services Provided by Setting of Center



Many individuals with complex health care needs may require specialized treatment, which appears to be more readily available at centers that are on the grounds of or attached to hospitals or nursing homes. This may be due to the inability of freestanding centers to acquire necessary equipment, the availability of skilled workers associated with a larger health care provider, or other considerations. Many individuals, particularly those with significant health care needs who are most at-risk of institutionalization, can benefit from these types of centers that are able to blend health and social services.

Conclusions

It appears that, according to the new CMS guidance, individuals who live in their communities may lose access to needed Adult Services due to the locations of some centers, particularly in rural areas where existing infrastructure cannot support standalone centers. The need for equipment and staff that can provide comprehensive health services, the capital investment required to build a freestanding Adult Services center, and the payment rates generally received for these services make it a financial challenge for many providers to establish freestanding centers. As a result, centers are often established adjacent to, or on the campus of, a nursing home or hospital. Under the new rules, centers in these locations may be at risk of losing Medicaid reimbursement. For example, North Dakota concluded that 8 of their 10 centers were not compliant with the regulation due to their locations attached to or on the campus of a hospital or nursing home.

NASUAD believes that CMS should consider Adult Services within the broader context of the individual's experience. Adult Services provide a source of comprehensive health and social services that are unavailable from other providers or from family members. Without access to Adult Services, many individuals would likely have to relocate to a facility, such as a nursing home, that provides these needed supports. Although a center might be located in places that CMS presumes to be institutional in nature, the supports provided in this setting may ultimately enable a person to have a much more integrated and community-oriented life than they would otherwise experience. As such, NASUAD believes that Adult Services, including those located in hospitals and nursing homes, should remain available to participants in Medicaid HCBS programs.

NASUAD is strongly committed to the full inclusion of seniors and people with disabilities in the community, and supports CMS' goals to ensure that individuals have meaningful opportunities to live integrated lives. We are concerned that restrictive requirements on Adult Service centers may reduce the number of available providers in the Medicaid program. This would have the unintended consequence of limiting the availability of important health and social services, and would likely result in individuals entering institutional settings. Instead, we believe that the implementation of the regulation should focus on ensuring that individuals are given meaningful choices regarding the types of services they can receive, as well as regarding the location that they receive them.

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