

# A Brief History of Adult Day Health Care

## *30 Years of Service to California's Elders and Disabled*

---

California has long been a leader in providing innovative solutions for the state's elderly and disabled populations. Adult Day Health Care (ADHC) emerged in the 1970s in response to highly publicized and disturbing nursing home abuse stories. Then, 5.4% of elderly were housed in costly nursing homes<sup>1</sup>. Forward thinking policy-makers seeking alternative long term care services established Adult Day Health Care as an alternative to institutional care. The ADHC daytime medical model changed perceptions about how to provide care to the elderly, persons with Alzheimer's disease and the disabled in the community setting. Where before, a person diagnosed with Alzheimer's disease inevitably would be placed in a "home" to live out their life, now only 6% are placed in a nursing facility, usually toward the end of life. Adult Day Services programs paved the way to make this possible.

- 1974** Hearings held by the State Commission on Aging, the Assembly Special Subcommittee on Aging, and the United States Senate Special Committee on Aging, which publishes report on "Adult Day Facilities for Health Care and Related Services."
- On Lok (Program of All Inclusive Care for the Elderly - PACE) Demonstration Project is authorized under Medicare as a federal Section 1115 pilot project.
- ADHC is authorized as a Section 1115 federal Demonstration Project. The federal Health, Education and Welfare Agency indicates that this "waiver setup will not be allowed to continue for an extended period of time and encourages the State of California to make Adult Day Health Care a Medi-Cal benefit."
- 1978** Three years after AB 1810 (McCarthy) authorizes five Adult Day Health Care pilot projects in Sacramento, San Francisco, and San Diego counties administered by the California Department of Health Services, AB 1611 (Chel) is enacted, creating the "CA Adult Day Health Care Act."
- 1977 - 1997** Competitive "start-up grants" are authorized by the Legislature and administered by the Department of Aging, eventually totaling \$3.4 M in state investment. Senator Mello issues paper citing the need for 600 facilities throughout the state. In 1997 there are still only 100 sites due to high start up cost and low Medi-Cal reimbursement. The nursing home association sponsors SB 1492 (Mello) which the administration supports, removing the restriction against for-profit centers operating ADHC. The first for-profit opens in 1996.
- 2002** Governor Davis vetoes SB 428 (Perata). This bill would have created a better "up front" process to screen prospective providers and mandate provider training since the Department of Aging no longer provides orientation for new providers.
- 2004** After 25 years, CMS reverses course and notifies the state of a change in policy regarding ADHC as an optional Medicaid State Plan benefit. CA DHCS testifies during a public hearing that 40% of beneficiaries will be forced out of the program under a waiver because of restrictive guidelines about mixing populations, and supports maintaining the program as a Medicaid benefit. With CAADS' support, DHCS' statewide moratorium proposal on Medi-Cal certification takes effect.
- 2004 - 2006** CAADS receives private grant funding to convene a workgroup with DHCS to address CMS' concerns. The work product is SB 1755 (Chesbro - Chapter 691, Statutes of 2007) which revises eligibility and moves the program to cost-based reimbursement with new definition of core services and separately billable services.
- 2008** The new eligibility criteria and cost reporting components of SB 1755 are implemented with a new Individual Plan of Care form and new Cost Report Form. In the absence of guidance from the state, CAADS uses grant funds to develop uniform definitions and guidance for how to count and record separately billable services units and time for cost reporting. CAADS' Guidance Paper is published in August. The state does not mandate the Guidance Paper be used.
- 2009 - 2010** The Budget trailer bill temporarily caps ADHC to 3-days per week and further tightens eligibility criteria. Disability Rights CA challenges legality of these changes in federal court and in Sept. 2009 is granted injunction to stop the 3-day cap. In Feb. 2010 new eligibility criteria is blocked as violating Americans With Disabilities Act, Olmstead decision and Medicaid laws.

---

<sup>1</sup>Feb. 2010 UCLA Center for Health Policy Research Policy Brief