



Unintended Consequences of Eliminating Adult Day Health Care from the Medi-Cal Budget

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Gov. Brown’s proposed 2011-2012 budget completely eliminates the Medi-Cal Adult Day Health Care (ADHC) program. Over the last two years, Gov. Schwarzenegger also proposed elimination of the ADHC program and both years the Legislature wisely rejected the idea as unacceptable, because of the severe cost shift to the state’s taxpayers and its cost in human suffering.

ADHC serves 37,000 low-income vulnerable elderly or disabled adults in California. Eliminating the health program makes no sense from a fiscal, policy or human point of view. The ADHC model of multi-disciplinary team care is widely touted as the solution to management of chronic conditions and rising health care costs. Cutting the program will result in unintended and irreversible consequences for seniors, families, workers, businesses, and the state as a whole:

- **Should ADHC be eliminated, the 310 adult day health centers that operate in California would be forced to begin discharging patients and close their doors.** This is because low-income beneficiaries could not afford to pay out-of-pocket and the center would be unable to replace the lost Medi-Cal revenue with a sufficient number of private pay patients. Medicare and health insurance do not pay for long-term care benefits such as ADHC.
- **There is no comparable medically based long term care service to Adult Day Health Care except for a nursing home.** In Home Support Services (IHSS) does not provide medical care or therapy services. Without a viable alternative, 37,000 elder and disabled patients could be displaced and sent to skilled nursing facilities (NFs) or overcrowded hospital emergency rooms at five times the cost of Adult Day Health Care.

ADHC (avg. 12.5 days/mo)	Daily	Annualized
– State share per pt/day (\$6.36/hr.)	\$38.13	
– Federal match	\$38.14	
Total	\$76.27	\$11,440.50
NF (30 days/month)		
– State share	\$82.13	
– Federal	\$82.14	
Total	\$164.27	\$59,958.55

From: CA Dept. of Health Care Services. “Long Term Care Reimbursement AB 1629”
CA Department of Aging, Long Term Care Financing Model

- **Adult day health centers are small businesses. According to a May 2010 report by The Lewin Group, elimination of ADHC would cost the state \$51 million more than it saves** because of cost-shifting to other more expensive settings; loss of tax revenue resulting from the closure of 310 small businesses; and loss of employment and worker productivity due to caregivers having to quit their jobs or reduce their work hours to care for their family members. This loss would continue into future budget years.

- **If the centers shut down, 7,000 jobs would be lost adding to increased costs in state unemployment benefits and more household and individual debt.**
- **The state would forfeit \$177 million annually in federal matching funds.**
- **A federal court ruled in 2010 that the state is responsible for the care of these ADHC patients and also for the provision of alternative services to institutional care.** In court briefs, the state has claimed it does not bear responsibility for assisting displaced frail elders, mentally ill or disabled adults with finding other services, even though it has approved their level of need for ADHC.
- **The same public interest senior law groups that won a temporary injunction for ADHC patients in 2010 would most likely litigate** to protect the health and well-being of these patients should the benefit be eliminated, under the Americans with Disabilities Act (ADA) and the U.S. Supreme Court *Olmstead v. L.C.* decision, which requires that states make reasonable program and policy modifications to prevent unnecessary institutionalization.
- **Restarting these programs, should funding be restored at a future date, would be prohibitive** because of significant bureaucratic and regulatory barriers and unreimbursed costly start-up expenses estimated to be \$1 million per site. The Legislature invested \$3.4 million in “start-up” grants to encourage the opening of ADHC centers for this reason.
- **ADHC provides a cost-efficient solution within the health care reforms** that the state is launching as proven by the Program of All-Inclusive Care for the Elderly (PACE) managed care model and its use of ADHC as a core service.