

California State Senate Budget Subcommittee Hearing Notes
Discussion and Oversight of Administration's Transition Plan for
Adult Day Health Care Services

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Partners in Care Foundation

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I. Presentation of Administration's Transition Plan for Services

- Secretary Diana Dooley, California Health and Human Services Agency
 - Sec. Dooley began by acknowledging the difficult choice faced by all.
 - She said this was a “difficult time,” that they had tried to work together, and get people involved in a solution.
 - She said she “respected” the services and benefits people are receiving, but that the state had to do “less with less,” while “mitigating” the adverse effects.
 - Dooley said she was “deeply saddened” by the choice ahead, but aimed to create a “better integrated and coordinated” system of services and benefits for the affected population.
 - Sen. DeSaulnier inquired about the effective date for ending the ADHC benefit, and Sec. Dooley responded that the longer the process goes, the more difficult it would be. She stated that by early October, we should know more about timing and the actual effective date.

- Toby Douglas, Director, Department of Health Care Services
 - Dir. Douglas began by restating the situation ahead. He agreed that steps needed to be taken to ensure that participants to remain independent, and don't languish or decompensate.
 - He said that “we believe” the current transition plan will allow that to occur.
 - He then went through a list of statistics regarding the conditions and service day prescriptions of ADHC participants. (I believe the point of this list of statistics was to imply most participants were not at serious risk).
 - He admitted that the managed care plans will not provide the same level of services, simply due to the lesser resources involved.
 - Participants will be automatically enrolled in managed care on October 1st. Participants may opt-out, but that process takes 45 days or more.
 - Dir. Douglas spoke of the letters that previously went out announcing the decision to discontinue the ADHC benefit, and announced another round of letters to inform participants of the automatic managed care enrollment. Those letters will announce that managed care will provide health assessments, IPC transfers, and an increase in IHSS hours.
 - Dir. Douglas made clear that managed care plans will not provide social services, removing a key feature of ADHC services that helps keep participants from decompensating. He suggested that managed care may provide nursing and

- therapy services, but the availability and cost of these services may make it prohibitive for the managed care plans to provide them.
- Sen. Emerson inquired about a budgetary plan for the \$85 million currently allocated for the final service claims and transition plan. Dir. Douglas admitted that no budgetary plan exists for those funds, and further admitted that the \$85 million figure would not be sufficient to resolve all remaining claims while providing a safe transition process for participants.
 - Sen. Liu voiced concern at this revelation, which seemingly points to a lack of organization and budgetary concern (which was the main stated purpose of the ADHC benefit elimination). She also inquired about language accessibility of the letters being sent out. Dir. Douglas said the letter had been mailed out in threshold languages, and the state has established a call-in line to help guide participants and their families with any questions.
 - Assemblymember Yamada voiced concern about the budgetary situation as well, asking Dir. Douglas to firm up his estimates and provide justification for not suggesting an estimated amount for budgetary allocations that would exceed the \$85 million already allocated.
- *Eileen Carroll, Deputy Director of the Adult Programs Division, Department of Social Services*
 - Dep. Dir. Carroll spoke of the steps her agency has taken to facilitate and progress the transition process. She announced that CDSS has been meeting with various state agencies to determine what each can do to further the process and ensure the least disruptive effects to participants.
 - She announced that IHSS hours will be increased by November 15, with reassessments being conducted to ensure effective reassignment.
 - *Ed Long, Deputy Director of Long-Term Care and Aging Services Division, Department of Aging*
 - Dep. Dir. Long spoke of the ways that his agency is planning to help the transition process. His agency is charged with implementing OAA programs and liaising with local AAA (Area Agencies on Aging) to determine the best way to transition participants to managed care plans.
 - He stressed that the programs under the OAA act are not entitlement programs, because they are open to everyone above age 55.
 - Dep. Dir. Long also stressed the outreach programs his agency is conducting with local ADHC providers, managed care plans, and other stakeholders in the current transition process.
 - Sen. DeSaulnier spoke at the end of the panel's comments, making clear that he wants a timeline of key decisions from the administration/agencies that he can use to judge progress and adherence to planned budgetary and policy goals. He stressed the need for public information from all state agencies regarding the proposed changes. He promised a place of information on his own website, and called for a similar promise from administration officials.

- Assemblymember Yamada spoke as well, announcing a letter being sent out that 33 members had signed. The letter seeks answers from the administration regarding another aspect of the ADHC closures, the roughly 7,000 employees that would be put out of work after closure of the state's ADHC centers.
- She expressed concern that the lack of attention the administration is giving to this situation, especially in such a challenging economy. Dir. Douglas "didn't know how to respond to that." He stated that he is focused on the beneficiaries.

2. **Discussion and Comment on Administration's Transition Plan**

- John F. Grgurina Jr. , Chief Executive Officer, San Francisco Health Plan
 - Mr. Grgurina stated that SF Health Plan will use all money allocated by the state to provide more care to participants.
 - He indicated a willingness to enter ADHCs and discuss preparations being made with the current staff.
- Lydia Missaelides, Executive Director, California Association for Adult Day Services
 - Lydia began by giving voice to the state of confusion and frustration that ADHC providers, participants, and families are feeling over the budgetary and policy wrangling that Sacramento is going through during discussions on this transition plan.
 - She pointed out the unique benefits of ADHC services, namely the congregant setting, the combination of medical and social services, and the access to a portion of the population that would otherwise be nearly invisible to healthcare workers.
 - She discussed the current alternatives to ADHC, namely Emergency Room care that eventually leads to institutionalization in nursing homes. Many participants will be forced to rely on these services, reducing their independence and providing care with prohibitively high costs.
 - She pointed out the problem with such a hasty transition to managed care services for such a vulnerable population, such as the lack of an established system for providing services in place. She stated that the managed care plans are not on par with the services provided by ADHC, and communication from the state has not been clear.
 - She noted problems with SPD enrollment, and Medi-Medi enrollment as well.
 - She made clear that CAADs believes it is a mistake for the state to contract out for care coordination and care management services.
 - She called for more clear and honest communication from the state, calling attention to some of her participants who preemptively entered skilled nursing care. She believes that the doom and gloom approach of the state may lead to more participants, including some who may have been able to avoid it, doing the same.
 - She called for a later date of closure, or a staggered transition approach to deal with problems that may arise. Under the current plan, any problems that arise will

likely not be able to be swiftly dealt with because MC plans and ADHC centers will be busy transitioning the rest of their participants.

- Cathy Davis, Executive Director, Bayview Hunters Point Multipurpose Senior Services
 - Cathy began by stating her frustration with the current state of transition planning. She wondered out loud why a program axed due to budgetary concerns would have no plan for spending \$85 million, with more needed. She suggested that the state scrap their current plans and be realistic with the funding needed for the program.
 - She called for accurate facts and figures from the state, especially with the “nebulous” extra funding discussed by Dir. Douglas to cover any overage above the \$85 million already allocated.
 - She pointed out the very real limitations of managed care plans, namely the lack of in-person care. She pointed out this feature as an integral component of ADHC care that managed care plans would not be able to duplicate.
 - In addition, she criticized the focus on transitioning to Medicare managed care, pointing out that Medicare is best for short-term care, while Medicaid (Medi-Cal) is designed for long-term care such as ADHC.
 - She pointed out that even with a dedicated and knowledgeable care manager, participants would not be able to access the same services, especially nursing, therapy, and health monitoring.

- David Friedman, Vice President State Health Programs, Health Net
 - Representing a statewide health plan, David spoke of the issues faced by managed care plans. He discussed the transition process and the upcoming assessments that need to be conducted.
 - He stated that MSSP and IHSS increases are key for the transition plan to work.
 - He pointed to the language issues faced by the transition, and indicated a willingness to translate the materials into more languages to increase understanding among participants and families, many of whom don't speak English as a first language.

- Debbie Toth, Chief Program Officer, Rehabilitation Services of North California
 - Debbie pointed out the problems with managed care, especially the lack of comparable services like those now offered by ADHC. She pointed out that managed care plans privately admit that they lack the ability to purchase those services for incoming ADHC participants.
 - She brought the committee's attention to the immediate decline in functioning, independence, and more after a participant moves from ADHC to other methods of care delivery.
 - She pointed out that the cost of services and the cost of transfer to managed care is roughly equivalent to the current rate of reimbursement.
 - She pointed out problems with IHO waivers, including the volume of applications the state would have to process, the legality of “line-jumping,” the decision process for approving applicants, and the cost of such waivers.

- Debbie also pointed out the irreplaceable services that ADHC offers, such as protective supervision for participants with Alzheimer's or dementia.
- Robert E. Edmonson, Chief Executive Officer, On Lok
 - Robert spoke of PACE, a unique program that integrates Medicare and Medi-Cal funding. PACE is a program for 55+, nursing home eligible patients. It is a proven model that can work for ADHC participants who are eligible.
 - There are roughly 900 spots available for ADHC participants, with another 1400 spots if expansion plans can be greenlighted.
- Assemblymember Yamada spoke after the second panel concluded, examining the context of the administration's decision to end the ADHC benefit and award CM duties to managed care, especially with the legal troubles and fines some of those organizations have faced in recent months. She said she remained unconvinced as to the necessity of that decision, and called for the ADHC benefit to remain in place pending a real substitute for its covered services. Dir. Douglas held his ground, insisting that the closure is a fiscal reality, and that the "fast" timeline had been instigated by the legislature's budgetary actions.
- Sen. Leno also expressed serious concerns, saying that the hearing had done nothing to assuage his serious concerns about the ADHC transition and the safety of ADHC participants. He called for a written justification of the funds being expended in the transition process.