

REPORT TO THE LEGISLATURE

Adult Day Services

ESSB 5187 Sec. 203 (1) (jj)

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Contents

Introduction	3
Adult Day Services.....	3
Adult Day Care.....	3
Adult Day Health.....	3
Services by Provider Type	4
History of Adult Day Services in Washington.....	4
Adult Day Health.....	4
Adult Day Care.....	5
Current Capacity and Geographic Availability	5
Service Capacity	5
Geographic Availability.....	6
Related Capacity Considerations	5
Adult Day Services Utilization.....	6
Budget Implications.....	7
Enrollment.....	7
Capacity.....	9
Recommendations	10
Federal Authority	10
Additional Service Options.....	10

Introduction

Engrossed Substitute Senate Bill 5187, passed during the 2023 Legislative Session, directs DSHS' Developmental Disabilities Administration to conduct a study on adult day services and submit a report by Dec. 1, 2023, to the governor and the appropriate committees of the legislature.

The Developmental Disabilities Administration has completed its study on adult day services and this report examines the feasibility and operational resources needed to add adult day services to either the 1915(i) state plan option or to the existing Basic Plus and Core 1915(c) waivers, as directed by the Legislature.

Adult Day Services

Adult Day Services are daytime programs that provide clinical and non-clinical services to clients to address their unmet care, supervision, social and rehabilitation needs. ADS aims to assist clients with their activities of daily living while maximizing their independence and supporting them to live independently in their communities or residences. ADS programs can either be Adult Day Care or Adult Day Health.

The Department of Social and Health Services defines adult day services in [WAC 388-71-0702](#) and [WAC 388-106-0800](#) as including both Adult Day Care and Adult Day Health services. Department rules in [WAC 388-106-0805](#) and [WAC 388-106-0810](#) further distinguish the two services by the types of care a person can receive from each program.

Adult Day Care is a supervised daytime program providing core services for adults with medical or disabling conditions who do not require the intervention or services of a registered nurse or licensed rehabilitative therapist. Adult day care services are reimbursed on an hourly basis up to four hours per day. Individuals receiving support in an ADC center may receive assistance with:

- Personal care.
- Counseling on a consultation basis.
- General therapeutic/recreational activities.
- General health monitoring.
- A nutritious meal.

Adult Day Care providers may assist with arrangement of transportation, but transportation is not a service included in ADC.

Adult Day Health is a structured program, lasting at least four hours, that provides skilled nursing and rehabilitative therapy. Skilled nursing or rehabilitative therapy must be provided on each attendance day. Individuals receiving support in an ADH center may also receive assistance with:

- Personal care.
- Counseling on a consultation basis.
- General therapeutic/recreational activities.
- General health monitoring.
- A nutritious meal.

Adult Day Health providers must assist with arrangement of transportation, which is covered in the daily rate. The provision of transportation is not a service requirement.

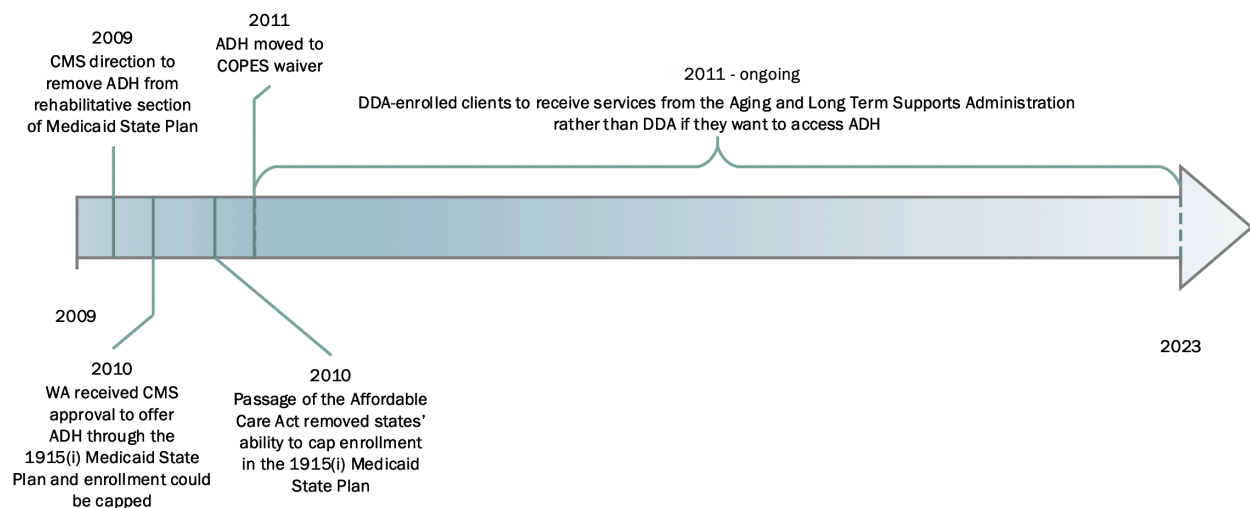
Services by Provider Type

Included Services	Adult Day Care	Adult Day Health
Core services (help with ADLs, social services, health education, nutritious meals)	Yes	Yes
Skilled nursing, skilled therapy services, psychological/ counseling services, and other services that require physician or other prescriber orders	No	Yes
Arrange transportation to/from program	Optional*	Yes
Provide transportation to/from program	No	No

**Not included in reimbursement rate*

History of Adult Day Services in Washington

Adult Day Health has been available to eligible Medicaid recipients in Washington for many years. Between 2009 and 2011 the service went through several changes to the Medicaid authority under which the service was offered. Those changes are highlighted in the following timeline and more detail is provided below.



ADH was initially offered to eligible Medicaid beneficiaries through the Rehabilitation Section of Washington’s Medicaid State Plan. However, effective July 1, 2009, the federal Centers for Medicare and Medicaid Services instructed the state to remove the service from this section of the Medicaid State Plan because of federal prohibitions, in place at that time, on payments for bundled services. As a result, the department moved the service to a 1915(i) option, which was a new program under the Social Security Act.

There was a delay in the implementation of the service under the 1915(i) option because the department was directed by the biennial appropriations act, adopted by the Washington State Legislature also effective July 1, 2009, to terminate the ADH program for clients receiving the service who also resided in a residential facility and, in response, a class action lawsuit was filed.

In 2010, Washington received CMS approval to offer ADH through the 1915(i) Medicaid State Plan option. When ADH was initially moved to the 1915(i) option, enrollment in the service could be limited to a defined number of participants. Shortly after, however, the Affordable Care Act removed the state's ability to cap enrollment in the 1915(i) option, so the service became an entitlement for any eligible Medicaid recipient.

Subsequently, the 2011-13 Washington State budget, in Second Engrossed Substitute Bill 1087 section 206 (10), directed the department to remove the ADH program from the 1915(i) state plan option and add it to the Community Options Program Entry System waiver, operated by DSHS' Aging and Long-Term Support Administration where there is an enrollment cap. The ADH service under the 1915(i) State Plan option ended effective Oct. 1, 2011.

When ADH was removed from the Medicaid State Plan, clients served through the Developmental Disabilities Administration had no access to the ADH service unless they enrolled in the COPES waiver operated through the ALTSA. Today, only individuals enrolled in the COPES or Residential Supports waivers, both operated by ALTSA, can access Adult Day Health services.

Adult Day Care has been offered through ALTSA's COPES waiver and has never been a DDA waiver service. Enrollment in the COPES waiver service has historically been minimal when compared to the population of the ALTSA waiver or the number of ALTSA clients who access ADH. Clients eligible for this service must live in a private residence not an Assisted Living Facility or Adult Family Home.

Current Capacity and Geographic Availability

DDA consulted with ALTSA staff who administer the ADS programs and with LeadingAge Washington, an organization representing the providers of these services, to study issues related to this report, including current capacity and geographic availability. Currently, there are 16 providers statewide and these providers have reported they do not currently have the capacity to meet any increased demand. The 16 providers operate in 13 of Washington's 39 counties. Of the 16 providers who offer ADC, 9 also offer ADH and 11 offer Respite Care. The funding recommended to increase provider capacity is detailed in the budget section below, except for start-up costs to add additional providers, which is unknown at this time.

Service Capacity

Total Contracted Providers	Offering ADC	Offering ADH	Offering Respite
16	16	9	11

Geographic Availability

Service County	ADC	ADH	Respite
Benton	X	X	X
Clark	X	X	X
Island	X		X
King	X	X	X
Kitsap	X	X	X
Pierce	X	X	X
San Juan	X		X
Skagit	X		X
Snohomish	X	X	X
Spokane	X	X	
Thurston	X		
Whatcom	X		X

Related Capacity Considerations

- Tribes in Washington have expressed interest in making ADS available on reservation lands.
- Staffing shortages in direct client care, nursing and therapy significantly affect the ability of ADC and ADH centers to hire and retain staff.
- AL TSA has put forward a decision package for ADH rate increases in the supplemental budget to address the need for statewide availability. Those increases would also apply for DDA clients to receive the service.

Adult Day Services Utilization

In FY2023, 810 clients, just over 1% of AL TSA's home and community services population, received ADS through AL TSA. Most clients receiving ADS are enrolled in Adult Day Health rather than Adult Day Care. Of the 810 clients receiving ADS, 197 clients were DDA eligible with ages ranging from 27 to 92. Because individuals who receive ADS have some of their personal care needs met during the time they attend an ADS program, their monthly personal care benefit that can be provided by an Individual Provider employed by the Consumer Directed Employer or a Home Care Agency is reduced to ensure there is no duplication of services. This may be a contributing factor to the low percentage AL TSA's caseload electing to receive ADS.

FY 2023 Adult Day Services Enrollment

DDA Eligible*		AL TSA	
ADH	ADC	ADH	ADC
192	5	588	25

* DDA eligible clients enrolled with AL TSA to receive ADS

Overnight Planned Respite Survey Results for FY22

Age of DDA Eligible Clients	Number of Clients
Age 27-29	2
Age 30-39	37
Age 40-49	55
Age 50-59	46
Age 60-69	35
Age 70-79	15
Age 80 and over	7

If Adult Day Services are once again available to DDA-enrolled clients, it is projected that as many as 2,209 clients served by DDA will enroll in ADS. This number includes the 197 DDA clients who are projected to transition back to DDA and enroll on the Basic Plus or Core waivers and once again have a DDA case manager. The number also includes an additional 1,975 clients, currently enrolled on the DDA Basic Plus or Core waivers, who are projected to access ADS when it again becomes available to them.

The number also includes a small number of current DDA clients, 37, who utilize ADC providers for respite services. If Adult Day Services are added to the waiver, it is expected that these clients will also utilize ADC services rather than respite as this allows these clients to use their respite hours for other types of respite.

Budget Implications

Enrollment

Cost Shift

If all DDA-eligible clients presently being served on the COPES waiver move back to DDA, approximately \$20.7 million (\$10.3 million general funds state) would shift from AL TSA's budget to DDA's budget. This amount includes all current service costs including the cost of their Adult Day Services, currently expended through the AL TSA budget. These will not be new costs to the department.

Shift Existing Costs from AL TSA to DDA - Not a New Cost	FTE	GF State	Federal	Total
FY26	-	\$5,171,000	\$5,171,000	\$10,342,000
FY27	-	\$5,171,000	\$5,171,000	\$10,342,000
25-27 Biennium	-	\$10,342,000	\$10,342,000	\$20,684,000

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New Costs

If 5% of DDA clients (see footnote 1), currently served in the DDA Basic Plus or Core Waivers, enroll in ADS there could be up to an approximate new annual cost of \$27.7 million (\$13.8 million General Fund State) for ADS. This new cost reflects adding ADS to the paid services these clients are already receiving.

Increased Caseload - New Costs	FTE	GF State	Federal	Total
FY26	-	\$13,842,000	\$13,843,000	\$27,685,000
FY27	-	\$13,842,000	\$13,843,000	\$27,685,000
25-27 Biennium	-	\$27,684,000	\$27,686,000	\$55,370,000

Service Configuration

DDA recommends that the service be added as a standalone service on the Basic Plus and Core waivers rather than be added to the list of services available under the aggregate budget. Doing so will preserve the existing aggregate service package for Basic Plus waiver clients to receive the services already included in the package. It would also allow for simplified service planning, as well as increased choice and greater access to more services for clients, two elements that are of fundamentally important to the individuals served by DDA.

¹Just prior to the transition of Adult Day Services to the COPES waiver, 1,050 DDA clients, about 5% of the paid services population, were receiving ADS. Today, DDA serves approximately 39,500 clients with paid services. If 5% of individuals currently served by DDA choose to access ADS, enrollment may reach 1,975.

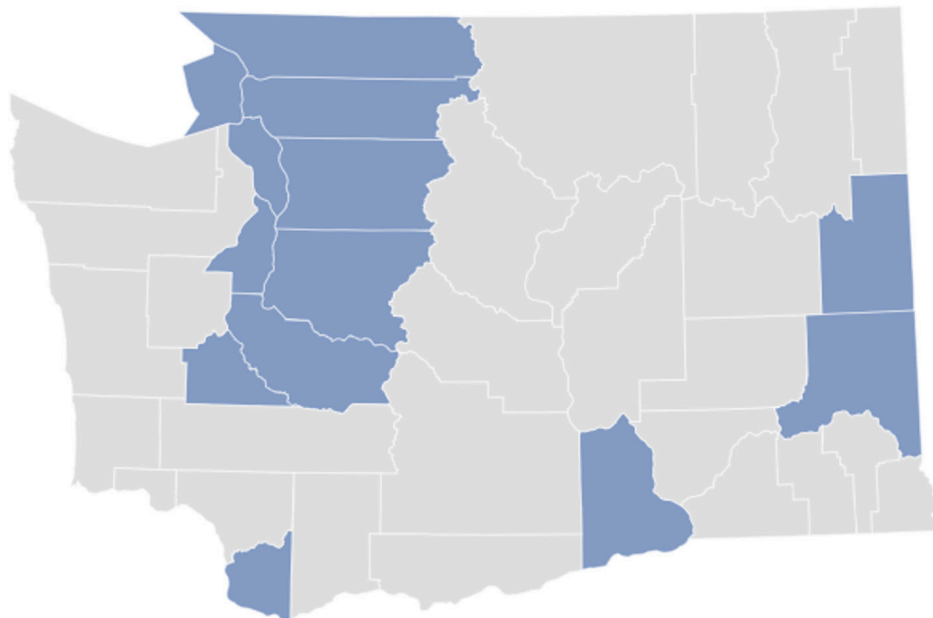
Capacity

Funding to support an increase in provider capacity is also needed. Medicaid services are required to be available on a statewide basis. New ADS facilities need to be established with a focus on rural areas (represented in the gray areas of the map below) to accommodate additional DDA clients.

To preserve and increase statewide capacity, an increase in service rates with subsequent adjustments is needed. Providers and their representatives have indicated that they will be more likely able to expand capacity if capital start-up funding is available. The DSHS 2024 Supplemental budget decision package recommends an increase of 30% to existing rates. This increase will enable current ADS providers to meet their current direct care costs, especially recruitment and retention of staff, and will give Medicaid funded clients equity in access more comparable to privately paying individuals. A 30% increase in provider rates also aligns Washington's rates with the higher rates paid for comparable services by our neighboring states. In a study conducted by AL TSA, Washington paid the least for ADH programs and had the fewest providers. The daily rates paid in Oregon and Idaho are \$120.00 and \$100.00 respectively. The daily rate paid in Minnesota, a state with comparable programs, is \$120.00. Washington's highest rate is in King County at \$98.22 per client daily rate.

Providing the opportunity for clients enrolled with DDA to once again access ADS is projected to double the population of Medicaid-funded clients who currently access ADS. Increasing existing provider capacity and creating additional geographic capacity is a priority to add access to ADS back to clients enrolled in DDA. This capacity increase and the development of a strong infrastructure to support this effort will be developed over time in collaboration with AL TSA, tribes, other DDA partners, and ADS providers.

Current ADS Provider Network



Recommendations

Federal Authority

Based on information gathered during this study, DDA recommends that ADS be added to existing DDA Basic Plus and Core 1915(c) waivers rather than the 1915(i) state plan option. Adding ADS to the 1915(i) state plan option would cause significant administrative burden for both ALTSA and DDA and may cause unintended expenditures for the following reasons.

- Waiver services may not duplicate services offered through the Medicaid State Plan and individuals enrolled in Medicaid must access state plan services before waiver services. Moving ADS into the 1915(i) state plan option would affect the ALTSA 1915(c) waivers as their ADS services would then duplicate state plan services.
- Moving ADS into the 1915(i) state plan option would cause increased burden in data collection and reporting to CMS on the quality and utilization of ADS services. ALTSA and DDA would need to develop two processes to meet these requirements and draw to distinct client samples.
- The 1915(i) state plan option does not require institutional level of care eligibility. This lower eligibility threshold, coupled with the inability to cap enrollment, may lead to broader enrollment than individuals currently served by ALTSA and DDA long term care services.

Additional Service Options

The 2023 legislative session operating budget also directed DDA to conduct a study to explore opportunities to restructure services offered under DDA's waivers and propose strategies to enhance service accessibility across the state and align services with the needs of clients, considering current and future demand. In addition to recommending that ADS be added to the Basic Plus and Core waivers, DDA intends to partner with community members to explore other types of meaningful day services for clients who are no longer enrolled in school or fully engaged in employment. DDA anticipates that this study may result in recommendations to expand the types of day services offered through the DDA waiver.