

Office of the Assistant Secretary for Planning and Evaluation
Adult Day Services

This study of adult day services (ADS) examined the role of ADS in state long-term care systems and identified operational and regulatory issues facing providers.

Lead Agency:

Office of the Assistant Secretary for Planning and Evaluation
U.S. Department of Health and Human Services

Agency Mission:

The Assistant Secretary for Planning and Evaluation advises the Secretary of the Department of Health and Human Services on policy development in health, disability and aging, human services, and science and data policy, and provides advice and analysis on economic policy. The Office of the Assistant Secretary for Planning and Evaluation (OASPE) leads special initiatives, coordinates the Department's evaluation, research and demonstration activities, and manages cross-Department planning activities such as strategic planning, legislative planning and review of regulations. Integral to this role, OASPE conducts research and evaluation studies, develops policy analyses, and estimates the cost and benefits of policy alternatives under consideration by the Department or Congress.

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General Description:

Adult Day Services: A Key Community Service for Older Adults and A Regulatory Review of Adult Day Services

Adult Day Services (ADS) are community long-term services provided outside an individual's home that consist of therapeutic activities and assistance with activities of daily living. These services often also meet family caregivers' needs for respite care or to enable them to work. States are interested in the potential of adult day services to reduce health care costs, and prevent or delay nursing home placement. Although promoted as community-based service for older persons, little was known about the provision, use, or outcomes of adult day services prior to this study. This research identified operational

and regulatory issues facing adult day service providers, and provided information to guide future research and policy analysis

The purpose of this study was threefold: to inform policymakers about the current and potential role of ADS in the health care and long-term care systems as determined by state regulation; to identify operational and regulatory issues facing ADS providers under different ADS models and in different regulatory and financing environments; and to provide information that can guide future research and policy analysis on ADS for elderly persons.

The study used several qualitative research methods, including: an in-depth review of state approaches to regulating ADS; consultation with a Technical Advisory Group, subject experts, state regulatory and Medicaid staff, and state provider associations; and site visits to ADS providers in five states: Georgia, Illinois, Maryland, North Carolina, and Washington.

Excellence: What makes this project exceptional?

Significance: How is this research relevant to older persons, populations and/or an aging society?

Effectiveness: What is the impact and/or application of this research to older persons?

Innovativeness: Why is this research exciting or newsworthy?

While state and federal long-term care spending on home and community services has increased significantly in recent years, most of the research and policy literature on home- and community-based services for elderly persons has focused on home care and residential care. Less attention has been paid to adult day services (ADS)--a nonresidential community service provided outside the home.

Little is known about the provision, use, or outcomes of ADS, particularly the medical model, and the ADS industry's capacity to provide health services. Research has been hampered by the considerable variation in the characteristics of ADS programs both within and across states, and by a lack of data.

ADS programs are of interest to states because of their potential to delay or prevent nursing home placement, in large part by supporting informal caregiving. Informal caregivers are the backbone of the nation's long-term care system. Over seven million Americans provide 120 million hours of care to about 4.2 million elderly persons with functional limitations each week. The estimated economic value of this care ranges from \$45-\$96 billion a year. Research has found that caregivers who experience stress and burden are more likely to institutionalize relatives suffering from dementia. Once the physical resources of caregivers decline and other home and community resources (paid or unpaid) are unavailable, nursing home placement is more likely. Many caregivers who use ADS are providing care to family members with dementia who need constant supervision to assure their safety. The respite provided by ADS is thought to lessen the caregiving burden, making it possible to delay nursing home admission.

All states fund some form of ADS through a Medicaid state plan or a waiver program. States are interested in the potential of ADS to reduce health care costs by providing health monitoring, preventive health care, and timely provision of primary care, particularly for individuals at risk for incurring high medical costs. These include elderly individuals who are dually eligible for Medicare and Medicaid--called dual eligibles--who comprised 18 percent of all Medicare beneficiaries in 2000, but accounted for 24 percent of total Medicare spending. Similarly, in 2002, they represented 16 percent of all Medicaid enrollees but 42 percent of program spending.

Adult day services are relatively inexpensive compared to home care or nursing home care. However, the study identified a number of barriers to the use of these services. High cost or the lack of transportation is a major impediment to the use of adult day services. The study also found that adult day service providers have difficulty covering their costs solely through private payments and public program reimbursements. Nearly all providers receive a significant portion of their operating revenue through Medicaid or other public funding sources, but these reimbursements generally do not cover providers' costs. Many programs rely on volunteers, in-kind contributions and charitable donations to subsidize their operations.