



ITEM 4260 - Adult Day Health Care Facilities

Governor's Budget Proposals - Impact on Adult Day Health Care Programs, Beneficiaries and Families is a Triple Threat:

1) 10% Medi-Cal Rate Cut Impact

- **Within 4 weeks of enactment, 392 beneficiaries from the 13 facilities that reported they will close will be referred to nursing facilities (NF). This will cost the state an *additional* \$15.7 million.** In addition:
 - 208 will be referred to a psychiatric facility
 - 698 will likely go the emergency room for a medical crisis
 - 464 caregivers will have to take leave time or quit work to arrange for or provide daily care

Only 100 ADHC participants going into nursing homes from ADHC will wipe out the proposed savings. And, the higher nursing home cost will be ongoing.

2) Cash Deferral Proposals Impact

- After two weeks of no cash flow, **15 facilities will close.**
- **12 more will close** after four weeks of no cash flow
- Closure of these 26 facilities will mean 3,050 Medi-Cal beneficiaries will be displaced from care:
 - **789 will be transferred to NF**
 - 25 elderly caregivers would move to NF along with their spouse
 - 836 caregivers will have to take leave time or quit work to arrange for or provide daily care

3) Caseload Reductions Impact

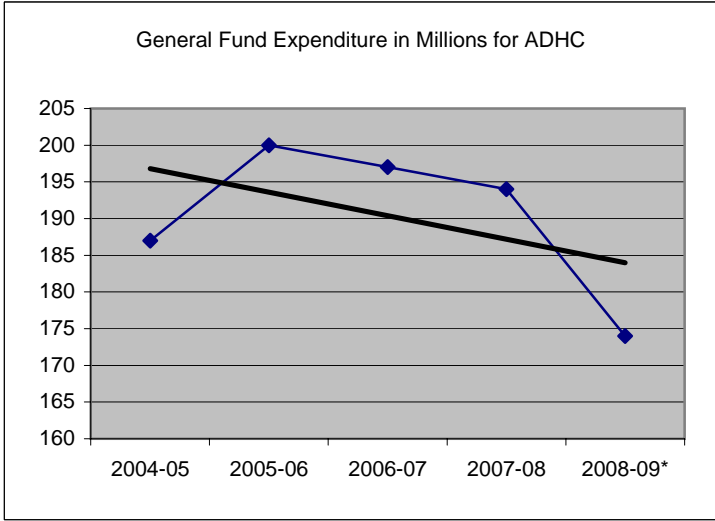
- For current year, the budget assumes that the Department of Health Care Services will deny ADHC admission to 5,379 beneficiaries to generate a savings of \$6 M (TF).
- In budget year, 5,391 beneficiaries will be turned away from service to generate a savings of \$9.5 M (TF).
- These beneficiaries will seek services elsewhere – the cost does not disappear.

ADHC HAS SIGNIFANTLY CONTRIBUTED TO DEFICIT REDUCTION

ADHC budget cuts have totaled \$12 million (TF) in the past two years. 5,203 beneficiaries have lost ADHC service and 30 centers have closed.

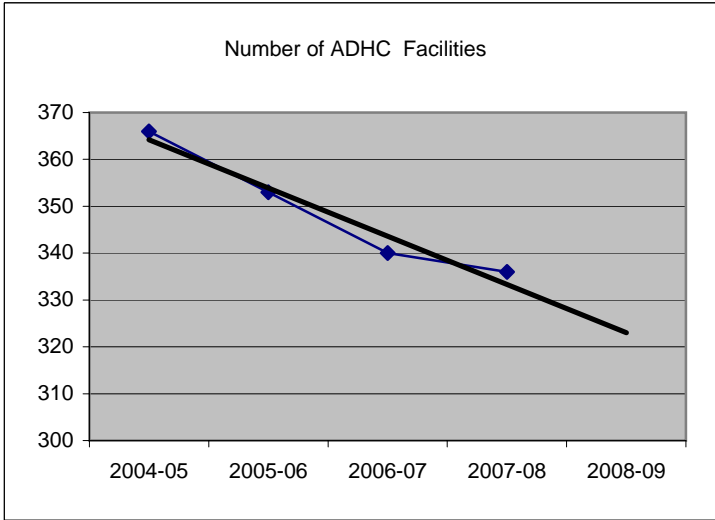
Any further cuts will destroy programs, harm beneficiaries and families and result in a higher state budget deficit. These are false cost savings.

ADULT DAY HEALTH CARE BUDGET REDUCTIONS 2004-2008



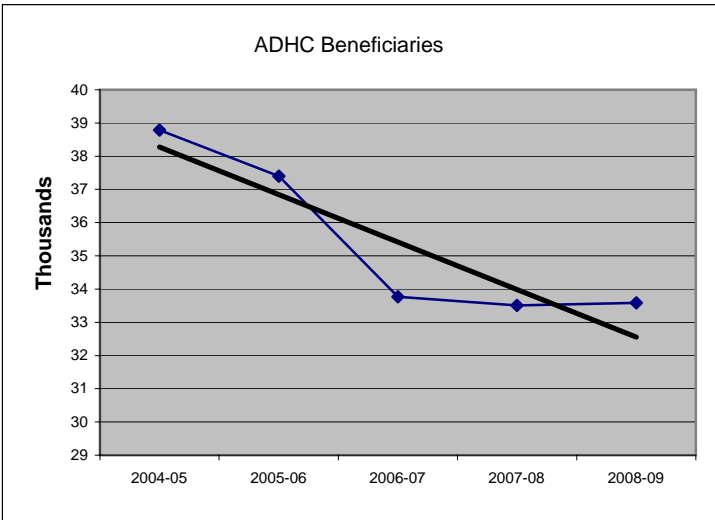
This chart illustrates the decline in ADHC expenditures since the moratorium began in August 2004 and the dramatic impact the proposed 10% rate cut will have on the already lean ADHC budget.

* reflects proposed 10% cut



Recent budget year savings are the result of ADHC facility closures, compounded by a prolonged moratorium that has prohibited new growth to offset closures.

* 2008-09 closures not known



Since 2004, the total number of ADHC beneficiaries has decreased by 5,203. The state has no mechanism to track the status of these ADHC beneficiaries who have been displaced from care.

* 2008-09 is estimated