

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**Centers for Medicare & Medicaid Services**

**[CMS-5022-N]**

**Medicare Program; Solicitation for Applications for the  
Medical Adult Day-Care Services Demonstration**

**AGENCY:** Centers for Medicare & Medicaid Services (CMS),  
HHS.

**ACTION:** Notice for solicitation of applications.

**SUMMARY:** This notice informs interested parties of an opportunity to apply for participation in the Medical Adult Day-Care Services Demonstration. This demonstration tests an alternative approach to service delivery by allowing home health beneficiaries to receive a portion of the medical services included in their home health plan of care in a medical adult day-care facility (MADCF). The project will allow us to test potential improvements in quality of care, outcomes, and program efficiency related to the provision of home health services in an MADCF setting. We intend to use a competitive application process to select up to five sites to participate in this demonstration. This demonstration is restricted to the States that license or certify medical adult day-care facilities.

**FOR FURTHER INFORMATION AND TO OBTAIN A COPY OF THE  
SOLICITATION:**

Interested parties can obtain complete solicitation submission requirements and supporting information about this demonstration at the Medical Adult Day-Care Services Demonstration webpage found at the following website address:

<http://www.cms.hhs.gov/researchers/demos/MADCS/default.asp>.

Or by contacting:

Armen Thoumaian, Ph.D.,

Mail Stop: S3-02-01,

Centers for Medicare & Medicaid Services,

7500 Security Boulevard,

Baltimore, Maryland 21244.

Phone:(410)786-6672 or toll free at (877)267-2323, Ext.

66672.

E-mail address: [AThoumaian@cms.hhs.gov](mailto:AThoumaian@cms.hhs.gov).

**EFFECTIVE DATE:** Applications must be received by September 22, 2005.

**ADDRESS:** Mail applications to—

Centers for Medicare & Medicaid Services,

Attention: Dr. Armen Thoumaian,

Mail Stop: S3-02-01,

7500 Security Boulevard,  
Baltimore, Maryland 21244.

Because of staff and resource limitations, we cannot accept applications by facsimile (FAX) transmission or by e-mail. Applicants will receive a communication acknowledging the receipt of their application.

**SUPPLEMENTARY INFORMATION:**

**I. Background**

Section 703 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA)(Pub. L. 108-173, enacted on December 8, 2003) requires that the Secretary shall establish a demonstration project under which the Secretary shall, as part of a plan of care for home health services established for a Medicare beneficiary by a physician, permit a home health agency (HHA), directly or under arrangements with a medical adult day-care facility (MADCF), to provide medical adult day-care services as a substitute for a portion of home health services that would otherwise be provided in the beneficiary's home. Participation in the demonstration by Medicare beneficiaries admitted for home health care is voluntary. The demonstration is limited to not more than five sites and associated MADCF(s). Each site may include all States in which it provides home health services as

long as the adult day-care services are provided in MADCFs licensed or certified in one of the States that license or certify medical adult day care facilities. Treatment under the 3-year demonstration is limited across all sites to 15,000 beneficiaries at any one time. For those Medicare beneficiaries who agree to participate in the demonstration, the HHA will receive 95 percent of the prospective payment system (PPS) amount that otherwise would have been paid for the home health episode of care had all services been delivered in the beneficiary's home.

The purpose of this demonstration is to evaluate the outcomes and costs of providing innovative models of health care that include both home health care services and medical adult day-care services that improve the quality of life for Medicare beneficiaries. An independent evaluation will be conducted for this demonstration. At the conclusion of the demonstration, the Secretary must report to the Congress an evaluation of the clinical and cost-effectiveness of the demonstration as well as recommendations for the extension or termination of the project.

## **II. Purpose**

This notice solicits applications for a demonstration project in which Medicare-certified HHAs, in partnership

with a medical adult day-care facility (MADCF), or facilities, provide medical adult day-care services as a substitute for a portion of home health care services that would otherwise be provided in the beneficiary's home. The demonstration is initiated to determine whether these provisions will result in higher quality care with better utilization of Medicare-covered services while promoting the physical and mental health of participating Medicare beneficiaries. The Medical Adult Day-Care Services Demonstration will allow a home health agency (directly or in conjunction with adult day health facilities) to provide a portion of the services included in the home health plan of care in a MADCF setting rather than in the beneficiary's home. As such, the demonstration will allow us to gather data on the efficacy and cost-effectiveness of providing those services in the adult day health setting as an alternative to the home. Additional important outcomes from this demonstration project include: measuring impacts on the amounts and types of home health and other Medicare services beneficiaries receive and settings in which they receive them; utilization of other (non-Medicare covered) adult day health center services; beneficiary health, function, and satisfaction; family/caregiver satisfaction; beneficiary out of pocket cost and total program costs; and

HHA and MADCF financial outcomes. Most importantly, we can learn whether beneficiaries are willing to receive part of their home health services at an MADCF.

### **III. Site Selection**

Section 703 of the MMA provides that the Secretary shall conduct a three-year demonstration project in not more than five sites in States that license or certify providers of services that furnish medical adult day-care services. Potential sites are restricted to these states. The following 36 states have been identified as meeting this requirement: AK, AZ, CA, CO, DE, FL, HI, IA, KS, KY, LA, MA, ME, MD, MN, MO, MT, NE, NH, NJ, NV, NM, NC, NY, OK, PA, RI, SC, TN, TX, UT, VA, VT, WI, WV, WY. Applicants from states not listed must provide evidence that the state licenses or certifies providers of services that furnish medical adult day-care services.

A demonstration site is defined as a single HHA or a corporate entity that includes one or more HHAs providing services in one or more of the eligible States. Pursuant to section 703(f) of the MMA, preference will be given to those agencies that are currently licensed or certified through common ownership and control to furnish medical adult day-care services according. We will require that all sites selected to participate in the demonstration be

associated through ownership or through contractual agreement with one or more MADCFs. Sites will be selected based on the proposals that clearly and most convincingly address the issues set forth in the solicitation on our website:

<http://www.cms.hhs.gov/researchers/demos/MADCS/default.asp>.

Under the demonstration, the HHAs will be permitted to deliver (or contract for the delivery of) medical adult day-care services as a substitute for a portion of a beneficiary's home health care services at an affiliated MADCF that has been State licensed or certified for at least 2 years.

#### **IV. Beneficiary Eligibility and Enrollment**

The demonstration will be open to all Medicare beneficiaries that meet the Medicare eligibility requirements for receiving home health care services through the Medicare fee-for-service program. Participation by Medicare beneficiaries in the demonstration is voluntary. Participating HHAs will conduct patient assessments and other required activities as they normally would under the Medicare conditions of participation except that they would be able to offer Medicare home health patients the opportunity to receive a portion of their care in a MADCF. During the initial and

follow-up patient assessments, HHAs will have the opportunity to identify beneficiaries who might benefit from adult day-care services. Demonstration participants are those beneficiaries who agree to participate in the demonstration and receive part of their home health services at the MADCF. Those who agree should also be informed that they will be contacted in the future by the demonstration support and evaluation contractor(s).

Participation by Medicare beneficiaries is completely voluntary and participating beneficiaries have the option of withdrawing from participation at any time. Up to 15,000 beneficiaries across the five sites may participate in the demonstration at any given time. Sites will be provided with enrollment limits proportional to their capacity prorated against the combined total of 15,000 enrollees at any one time. This will be done to ensure that smaller sites will have an opportunity to enroll a fair portion of the total enrollment allowed under the demonstration.

#### **V. Payment**

Under the demonstration, the participating HHAs will be paid 95 percent of the prospective payment system (PPS) amount that otherwise would have been paid for the home health episode of care had all services been delivered in

the beneficiary's home. Current provisions related to case-mix group assignment and payment adjustments are not affected by the demonstration. Payment will be provided directly to the HHA for all services delivered during the home health episode of care whether provided at home or in the adult day health facility. Under section 703(b)(1) of the MMA, the beneficiary may not be separately charged for medical adult-day care services furnished as part of the home health plan of care.

The statute requires the Secretary to monitor the demonstration to ensure that the provision of services in the demonstration does not result in a net increase in total spending, and provides the authority to make payment adjustments to ensure that budget neutrality is maintained.

#### **VI. Collection of Information Requirements**

The information collection requirements associated with this notice are subject to the Paperwork Reduction Act of 1995 (PRA); however, the collection is currently approved under OMB control number 0938-0880 entitled "Medicare Demonstration Waiver Application" with a current expiration date of July 31, 2006.

**Authority:** Section 703 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), Pub. L. 108-173.

**Dated:** April 29, 2005\_\_\_\_\_

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**Mark B. McClellan,**

Administrator,

Centers for Medicare & Medicaid

Services.

**BILLING CODE 4121-01-P**