

**MEDICAL ADULT DAY-CARE SERVICES DEMONSTRATION
SOLICITATION**

June 13, 2005

MEDICAL ADULT DAY-CARE SERVICES DEMONSTRATION SOLICITATION

This solicitation describes the process by which eligible home health agencies (HHAs) may 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 the Centers for Medicare & Medicaid Services (CMS) to test potential improvements in quality of care, outcomes, and program efficiency related to the provision of home health services in a MADCF setting. We intend to use a competitive application process to select up to five (5) sites to participate in this demonstration.

Eligible HHAs are those which provide services in states that license or certify medical adult day-care facilities. 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. Potentially qualified applicants are individual Medicare certified home health agencies or corporate entities with Medicare-certified home health agencies that provide services in one or more of these states and can demonstrate an existing ownership or contractual relationship with one or more MADCFs. Applicants from states not listed must provide evidence that the state licenses or certifies providers of services that furnish medical adult day-care services.

APPLICATION DUE DATE: Applications must be received on or before 5:00 P.M. EST 90 days from the publication of the Federal Register notice.

FOR FURTHER INFORMATION CONTACT: Dr. Armen Thoumaian at (410) 786-6672, or by e-mail at AThoumaian@cms.hhs.gov.

Questions and answers of interest to all applicants will be posted on the Medical Adult Day-Care Services Demonstration webpage found at the following website address: <http://www.cms.hhs.gov/researchers/demos/MADCS/default.asp>. Potential applicants are responsible for monitoring the web page to obtain the most current information and specification when they become available.

ADDRESSES: Mail applications to –

Centers for Medicare & Medicaid Services
Attention: Dr. Armen Thoumaian
Mail Stop: S3-02-01
7500 Security Boulevard
Baltimore, Maryland 21244.

We will not accept applications by facsimile (FAX) transmission or by e-mail. Applicants will receive a communication acknowledging the receipt of their application.

FORMAT: Applicants must submit a completed Medicare Waiver Demonstration Application form. This application forms may be found online at:
<http://www.cms.hhs.gov/researchers/demos/MADCS/default.asp>.

Detailed instructions for completing and submitting applications appear with the application form and are supplemented by information in the “Submission of Applications” section of this solicitation.

SUPPLEMENTARY INFORMATION:

1.0 Background

1.1 Statutory Requirements

Section 703 of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) requires that the Secretary shall establish a demonstration project under which the Secretary shall, as part of a plan of an episode of care for home health services established for a Medicare beneficiary, 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 one of the states that licenses or certifies providers of services that furnish medical adult day-care services. Treatment under the three-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 home health agency 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 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.

1.2 Historical Trends for Community Based Care

As the U.S. population ages and the spectrum of health problems faced by the elderly grows, the need to provide high quality, comprehensive, and cost-efficient care for the elderly increases. However, the diverse patient population requires that new approaches to care be considered. The need to offer a more diverse array of health care environments is reflected in the increasing interest in consumer-directed care plans, preventing institutionalization, aging in place, and the movement toward community-based services to keep patients in their homes rather than in nursing homes. The growing demand by the elderly and other Medicare beneficiaries for independent living necessitates that all avenues of care be investigated to determine which services result in optimal health outcomes and greatest efficiency. Given these trends, a plan that offers added flexibility to home health care providers by allowing services to be provided to Medicare beneficiaries in an adult day-care facility merits consideration. Therefore, it is the focus of this demonstration to determine whether providing home health care services in an adult day-care setting in addition to the home contributes to improved health outcomes, efficiency and quality of life.

The objective of medical adult day-care facilities is to prevent or delay institutional placement by providing services to improve physical and mental health and the quality of life of the participants and also provide respite for their home caregivers. Medical adult day-care

facilities provide a structured and comprehensive program of health, social and other related supportive services to individuals with functional or cognitive impairments. On average, the participants at MADCFs attend three days per week for four to eight hours per day. The medical services and activities that are offered to participants are provided according to a plan of care developed from a thorough patient assessment in consultation with patients physicians. The full range of services at a MADCF typically include health assessments, nursing care and supervision, medication monitoring and administration, physical therapy, occupational therapy, speech therapy, and social work services in addition to therapeutic recreation and socialization activities. Personal assistance is provided for activities of daily living such as walking and eating. Supervised group social activities gauged to the participants' level of ability and interests are offered to provide social stimulation and companionship. Other services include nutritional assessments, lunch, transportation, and services to the participants' caregivers such as support groups and educational seminars.

2.0 Provisions of this Solicitation

2.1 Purpose

CMS is soliciting applications for a demonstration project in which Medicare-certified home health agencies, in partnership with a medical adult day-care facility (MADCF), 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. It is hoped that 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 medical adult day-care care setting rather than in the beneficiary's home. As such, the demonstration will allow CMS to gather data on the efficacy and cost-effectiveness of providing such 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, CMS can learn whether beneficiaries are willing to receive part of their home health services at a MADCF.

2.1 Site Selection

Section 703 of the MMA provides that the Secretary shall conduct a three-year demonstration project in not more than five (5) sites in states that license or certify providers of services that furnish medical adult day-care services. Potential sites are restricted to states which license or certify medical adult day-care facilities. 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.

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. 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 pursuant to Section 703(f). 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. Though some geographic diversity is desirable, the sites selected will not necessarily be those from specific states or geographic areas, as sites will be selected based on the proposals that clearly and most convincingly address the issues set forth by this solicitation.

Under the demonstration, the participating 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 licensed or certified by the state in which it is located for at least two years.

Clearly written proposals that adhere to the stated intent of section 703 and which make available to Medicare eligible home health patients an innovative package of services for home care and medical adult day-care, which may also include a full range of supportive services and transportation to and from the MADCF as well as the opportunities for spending the greatest amount of time participating in meaningful activities at the MADCF, will be considered most responsive to this solicitation.

2.2 Beneficiary Eligibility and Enrollment

The demonstration will be open to all Medicare beneficiaries eligible to receive home health care services through the Medicare fee-for-service program who could also benefit from adult day-care services. Participation by Medicare beneficiaries in the demonstration is voluntary. Up to 15,000 beneficiaries across the 5 sites may participate in the demonstration at any given time.

Participating HHAs will be asked to identify beneficiaries who agree to participate during initial and follow-up patient assessments. We anticipate that demonstration participants may fall into three broad categories: 1) newly enrolled or current home health patients who are not receiving services at an adult day-care facility; 2) those home health patients who may already receive both Medicare-covered skilled home health services and MADCF services (either as private pay or Medicaid); 3) those Medicare beneficiaries already receiving adult day-care services (either as private pay or Medicaid) who experience an acute exacerbation of a condition or an injury which requires post-acute skilled home health services such as nursing or rehabilitation therapy (which can safely and comfortably be provided in the MADCF).

The HHA will screen Medicare beneficiaries eligible for home health care as to whether they are good candidates to participate in the demonstration. Eligible beneficiaries will be informed about the demonstration and solicited to participate, agreeing to receive a portion of their home health services at the MADCF. Beneficiaries will be specifically advised that refusal to participate in the demonstration will not affect their Medicare benefits or home health care in any way. Beneficiaries also will be informed that if they agree to participate,

they will be contacted in the future by the demonstration support and evaluation contractor(s).

The demonstration site will not enroll or will dis-enroll a Medicare beneficiary for which the activities under the demonstration are inappropriate or clinically contraindicated in the opinion of the HHA or MADCF, in consultation with the beneficiary's physician.

It is not the intent of this demonstration to provide an opportunity where eligible Medicare beneficiaries could be denied the provision of health care in the home if they do not wish to participate in the demonstration. Participating home health agencies must assess all Medicare beneficiaries with the intent of providing care solely in the home. Sites will be required to agree to offer the opportunity to participate in the demonstration only after the Medicare beneficiary is accepted for home care under the regular Medicare benefit. Similarly, if a demonstration participant decides to withdraw from the demonstration during the episode of care, the home health agency is prohibited from discharging the patient for this reason and must provide all remaining treatment in the home.

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.

2.3 Demonstration Operations

Under the demonstration, Medicare beneficiaries will be able to receive services in a medical adult day-care facility as a portion of their home health episode of care provided by a participating home health agency. For each demonstration site, services under the demonstration must be provided in the same state as the HHA site's address.

For each Medicare beneficiary who agrees to participate in the demonstration, the HHA will submit to the Regional Home Health Intermediary (RHHI) a Request for Anticipated Payment, entering a special code, "HHDAYC," in the remarks field to identify the patient as part of the demonstration. The HHA will place the same code on any final end of episode claim and any subsequent adjustments for that patient for as long as the patient participates in the demonstration. The HHA will process claims in accordance with standard Medicare claims processing rules. The RHHI will receive and process the claims for payment in accordance with standard Medicare rules except that final payment to the HHA for that Medicare beneficiary for each episode of care will be adjusted as described below.

Demonstration participants admitted for home care within 60 days of the demonstration end date will continue under the demonstration parameters until the end of the normal 60-day episode. Otherwise, demonstration sites will cease enrollment under the demonstration and any provision of home care services in the affiliated medical adult day-care facilities.

2.4 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 home health care services whether delivered at the beneficiary's home or in the adult day-care facility. Pursuant to section 703(b)(1) of the statute, the beneficiary may not be separately charged for medical adult-day care services furnished under the plan of care.

2.5 Participation in the Demonstration Evaluation

At the conclusion of the demonstration, the Secretary must report to Congress an evaluation of the clinical and cost-effectiveness of the demonstration as well as recommendations for the extension or termination of the project. Under the demonstration, the HHAs will be asked to record information about participants and non-participants. For instance, HHAs will be asked to keep a log of the patients who agreed to participate as well as those who did not agree and/or for whom the demonstration was medically contraindicated.

An independent evaluation will be conducted for this demonstration. Demonstration sites are required to provide full cooperation to the evaluation contractor. The selected sites will be asked to provide information for the evaluation of patient outcomes and costs of furnishing care to the Medicare beneficiaries participating in the project. This information will be compared to outcomes and costs to beneficiaries receiving only home health services for similar health conditions.

3.0 Requirements for Submission

3.1 Description of the Provision of Home Care to Medicare Beneficiaries in the MADCF Setting and Coordination with Others Services Provided at the MADCF

In general terms, participating HHAs and their affiliated MADCF(s) centers must describe the mix of HHA and MADCF services that will be offered under the demonstration including the provision of transportation to and from the MADCF(s), if applicable.

3.2 Evidence of Relationship Between the HHA and MADCF(s)

The applicant HHA and its MADCF provider partner(s) must demonstrate a transparent relationship that includes specific protocols for payment and collaboration.

Proposals must describe any current or future arrangements including corporate, payment and liability agreements it has or will have with the MADCF(s) to enable participation in the demonstration.

Applicants must describe the provisions of the state license or certification for MADCFs in each state in which it proposes to conduct the demonstration. This description must include

what services MADCFs are permitted to provide and what services they are prohibited from providing.

3.3 Medicare Beneficiary Outreach, Recruitment and Enrollment

Applicants must address the following aspects of beneficiary enrollment in the demonstration:

1. What are the clinical, functional and service characteristics of those Medicare patients expected to be eligible for the demonstration and the characteristics of those for whom this demonstration may be contraindicated;
2. The anticipated numbers of home health patients per month expected to participate in the demonstration at their site;
3. A list of referral sources (e.g., hospitals, physicians, other providers) and other sources (e.g., current caseload) they expect to draw upon to optimize demonstration enrollment;
4. The plan for outreach to and recruitment of demonstration-eligible Medicare beneficiaries; and
5. The process of enrolling participating beneficiaries into the demonstration (e.g., agreement to participate, coordination with the medical adult day-care service provider, billing).

3.4 Payment and Budget Neutrality

Budget neutrality means the cost of providing home health services to participating beneficiaries using medical adult day-care facilities must not exceed the cost providing the same services in the beneficiary's home regardless of the contractual or sub-contractual relationships.

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.

Proposals must include a detailed description of the payment arrangements between HHA and MADCF provider(s) and the assurance that Medicare beneficiaries will not be charged separately for services included in the home health plan of care that are provided in the MADCF. In addition, applicants must indicate how duplication of payment (i.e., from Medicare, Medicaid and private insurers) will be avoided for services provided at the MADCF.

3.5 Ability to Carry Out the Demonstration

Applicants must demonstrate that they have the basic infrastructure, organizational and contractual relationships to carry out the demonstration. At a minimum, applicants must provide evidence of the following: adequate physical assets; trained staff; clinical protocols

to guide care delivery and management; linkages to adult day health centers to provide necessary care and cost savings; and appropriate information and financial systems. In addition, the sites must demonstrate that they have the organizational capabilities for providing HHA and MADCF services and for participating in the research and evaluation aspects of the demonstration.

Proposals must include a detailed implementation plan describing tasks, timelines, and role responsibilities between organizations associated with successfully implementing the demonstration. The implementation plan should focus on how potential Medicare beneficiaries will be identified and enrolled into the demonstration, how care will be coordinated between the HHA and MADCF provider(s), how the HHA will ensure that services are delivered and are of high quality, and how demonstration operations will support the needs of the evaluation contractor (e.g., through maintenance of enrollment records, demonstration participant consent forms). The implementation plan must also specify how existing data, claims and financial systems will be modified to accommodate the demonstration. Those proposals with the most well thought out, comprehensive, and feasible implementation plans will be considered optimal demonstration sites.

4.0 Teleconference

An informational teleconference may be held for potential applicants and other interested parties before the application due date. The teleconference will be an opportunity for applicants to ask questions and for CMS to clarify the issues in both the solicitation and the demonstration project itself. The date of the teleconference will take place approximately one month after the publication of publication of the *Federal Register* notice. The date and time will be posted on the demonstration website. Other announcements and frequently asked questions and answers will also be posted on the website.

5.0 Submission of Applications

5.1 Applications

Applications must be received within 90 days after the publication of the Federal Register notice. We will not accept applications sent by facsimile (FAX) transmission.

Applicants must submit completed applications following the standard format outlined in the Medicare Demonstration Waiver Application in order to be considered for review by the technical review panel. This Application is available online at: <http://www.cms.hhs.gov/researchers/demos/MADCS/default.asp>. Applicants should also include in their applications the information requested below with respect to each section named in the Application. Only applications that follow the standard Medicare Waiver Demonstration Application format and include the information requested in the Application and the solicitation instructions in this document will be reviewed. Questions concerning the application format and content must be submitted to us in writing. Questions and answers of interest to all applicants will be posted on the demonstration web page.

As noted in the Application instructions, applications must be typed using 12-point font with 1-inch page margins. **However**, in exception to the instructions in the Medicare Demonstration Waiver Application, the applications must not exceed 60 double-spaced pages, INCLUSIVE of the cover letter, executive summary, forms, and appendices. An unbound original, 2 copies, and 1 electronic copy on CDROM of the Application must be submitted. Applicants may, but are not required to, submit a total of 10 copies to assure that each reviewer receives an application formatted in the manner intended by the applicant (for example, collated, tabulated, color copies). Hard copies and electronic copies must be identical. Applicants must designate one copy as the official proposal.

5.2 Application Contents Outline

At a minimum, applicants should ensure that their applications and supplemental materials include the information requested in this section. Applicants should refer to the sectional headings and content specified in the Medicare Waiver Demonstration Application in completing the application. Applicants should address each section as it pertains to the design and operational requirements of this demonstration. Applicants should refer to the sectional content described in the Medicare Waiver Demonstration Application and the additional information provided below which delineates topic areas the applicant should be sure to include and discuss in completing the application sections.

1. **Cover letter:** Should include a brief description of the applicant's proposal and include the following information:
 - Name of HHA (or corporate entity) and associated MADCF(s).
 - Address of the HHA and MADCF(s) and corporate addresses, if different.
 - Contact person(s).
 - Business telephone number.
 - All existing HHA Medicare provider number(s).
 - The HHA Employer Identification Number(s) (EIN) of the applicant for basic identification purposes.

The letter must be signed by a duly authorized official representing the applicant HHA (or corporate entity). Note: Applicants must append a letter from the associated MADCF(s), signed by a representative official, attesting to the ability and willingness of the partnering organization(s) to enter into the demonstration for the full length of the project.

2. **The Medicare Waiver Demonstration Application form**, available at <http://www.cms.hhs.gov/researchers/demos/MADCS/default.asp>.
3. **Executive Summary:** Must include a summary of the project, the relationship and agreement between the HHA and MADCF and a brief discussion about the potential number of Medicare beneficiaries to be served by the demonstration site.
4. **Problem Statement:** The focus should be on an understanding of the demonstration's intent based on section 703 of the Medicare Modernization and other descriptive materials available concerning this demonstration.

5. **Demonstration Design:** The focus should be on the description of proposed HHA and MADCF services and how the applicant will proceed to fulfill the demonstration requirements.
6. **Organizational Structure & Capabilities:** The applicant should focus on the following:
 - A description of the contractual arrangements between the HHA and MADCF(s) including payment/financial arrangements for services.
 - A description of the MADCF(s), their location, staffing and hours of operation.
 - A description of the professional accreditations currently held by the HHA and associated MADCF(s).
 - A description of transportation available, if any, and any contractual arrangements made to transport beneficiaries from and to their homes.
 - A description of the organizational capabilities of the HHA and MADCF(s) and how they serve the requirements of the demonstration.
 - Identification and description of the roles of key personnel.
 - A description of the typical hours of operation including staff available during these hours and how beneficiaries can contact professional staff outside normal hours.
 - A discussion of the number and types of patients typically receiving services at the HHA and associated MADCF(s) during the year including Medicare and non-Medicare patients.
 - Please submit copies of the following as attachments to your application: the candidate HHA's most recent state survey report, including any deficiencies; the candidate HHA's most recent OASIS case-mix, adverse event, and global outcome reports.
7. **Performance Results:** The applicant should include a focus on quality assurance and improvement and on the collection of information important to the evaluation of the demonstration. The applicant should describe the data to be collected and data sources; describe how the program will ensure privacy of participant information; describe the data exchange between the HHA and MADCF providers and beneficiaries; describe the process for sharing sensitive information between providers (for example, HIV status or mental health diagnoses). The applicant should include a discussion of its estimates of the number of potential demonstration participants it expects to serve and how it arrived at these estimates.
8. **Payment Methodology & Budget Neutrality:** The focus should be on an understanding of the procedures for enrolling demonstration participants through the claims system, the amount to be paid to HHAs under the demonstration, the avoidance of any duplicate payment for services provided at the MADCF that are part of the home health plan of care., and payment arrangements between the HHA and MADCF(s) for the provision of MADCF services under the

demonstration. Note that there is no provision for start-up funds under this demonstration.

9. **Demonstration Implementation Plan:** The focus should include a detailed description of how the applicant will implement and manage the demonstration. The applicant should include a description of the plan and strategies for marketing, recruitment, and the process of enrolling beneficiaries who agree to participate in the demonstration. The applicant should discuss the range of MADCF services it proposes to offer under the demonstration and how the interventions will improve clinical quality and beneficiary and provider satisfaction. The applicant should also discuss how it will determine whether the participation of an individual is clinically contraindicated or inappropriate.
10. **Supplemental Materials:** As described in the Medicare Waiver Demonstration Application.

5.3 Review Process, Criteria and Weights

A panel of experts will be convened to review the application proposals. The review panel recommendations will contain numerical ratings based on the evaluation criteria, the ranking of all responsive proposals, and a written assessment of each applicant. Members of the review panel will review and score each proposal using the following criteria.

Scope and delivery of services under the demonstration (25 points)

The degree to which the proposal meets or exceeds the demonstration requirements for the provision of services that include medical adult day-care services as a portion of the health care services provided to the beneficiary. Proposals must specify how home health services will be provided to beneficiaries within the MADCF (e.g., by HHA personnel, by ADC staff contracted through the HHA to provide skilled services under the home health episode of care), and how this service arrangement will benefit the Medicare home health patient and caregiver/family member. The proposal should also include a discussion of any other services it will provide to participating beneficiaries under the demonstration, e.g., other services provided at the MADCF and provisions for transportation.

The proposal should provide a justification and explanation for the proposed complement of services to be provided to the beneficiary by the HHA and by the MADCF and the fiscal arrangement between the demonstration providers for provision of those services. The applicant should give assurance that it understands and will abide by the MMA section 703 (b)(1) requirement that, "...In no case may a home health agency, or a medical adult day-care facility under arrangements with a home health agency, separately charge a beneficiary for medical adult day-care services furnished under the plan of care." In addition, the applicant should give some description of how this will be prevented.

Soundness of the marketing plan (20 points)

The degree to which the proposal provides 1) an adequate and achievable outreach strategy and marketing plan for recruitment of eligible Medicare beneficiaries into the demonstration,

and 2) a detailed description of the process of enrolling beneficiaries into the demonstration (e.g., informed consent, coordination with the adult day-care health service provider).

Organizational capabilities (15 points)

The degree to which the applicant fully describes its organizational capabilities. The proposal must provide evidence that the HHA is Medicare certified and that the MADCF(s) have been licensed and/or certified in the state continuously for two years as of the application due date. The proposal must include a discussion of the of the corporate, payment and/or liability agreements between the HHA and MADCF(s) that will ensure continuous cooperation throughout the three-year demonstration. The proposal must provide a description of the availability and adequacy of facilities, equipment, personnel and data systems to successfully conduct the proposed project. (Note that, as per section 703 of the MMA, "...In selecting home health agencies to participate under the demonstration project, the Secretary shall give preference to those agencies that are currently licensed or certified through common ownership and control to furnish medical adult day-care services").

Ability to implement the demonstration (20 points)

The degree to which the proposal clearly articulates how the applicant will implement and manage the demonstration, including the role and responsibilities of the demonstration providers (the HHA and MADCF(s)), and how care will be coordinated between the two providers. The implementation plan described should indicate how the providers will support the independent evaluation of the demonstration through the development of operationally sound processes for tracking demonstration participation, frequency of MADCF services and the types of professional and aide services provided (e.g., skilled nursing, physical therapy, social work services) to demonstration participants during demonstration.

Quality assurance (20 points)

The degree to which the proposal ensures that adequate mechanisms are in place to make sure clinically appropriate medical and social services are provided during the episode of care, regardless of where the services are provided during the demonstration, and that there are mechanisms in place to track the clinical and functional outcomes of demonstration participants.

5.4 Description of Final Selection Process

The CMS Administrator will make the final selection of organizations for the Medical Adult Day-Care Services Demonstration from among the most responsive proposals from the most highly qualified applicants, taking into consideration a number of factors, including operational feasibility, states and geographic location, and Medicare program priorities (for example, testing a variety of provider-directed approaches for delivering services and targeting beneficiaries). Applicants must be aware that proposals may be accepted in whole or in part. Awards may be subject to special terms and conditions that are identified during the review process. CMS reserves the right to conduct one or more site visits before making awards. The Administrator reserves the right to negotiate and limit the size and number of areas.

CMS expects to make the demonstration site awards in the Fall of 2005. We expect the demonstration to begin February 2006 and continue through three years.

5.5 Collection of Information Requirements

This information collection requirement is 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 7/31/2006.

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