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Long-Term Care: Facts on Adult Day Care

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Summary

Adult day care programs provide health and social services in a group setting on a part-time basis to frail elderly persons and other younger persons with physical, emotional, or mental impairments. The prevalence of these programs has grown rapidly over the last four decades, from a handful in the late 1960s to approximately 3,400 in 2002. As federal financing for long-term care services has shifted from institutional care to home and community-based care, adult day care services have become an important component in home and community-based services. These services can play a role in preventing or delaying institutionalization for some participants. Adult day care also offers family caregivers the opportunity to continue working and/or to have respite from full-time caregiving responsibilities.

Adult day care is supported by a variety of federal funding sources, as well as state and local government, private funds, and out-of-pocket participant fees. In 2002, the Partners in Caregiving survey found that federal funding is the largest source of revenue for adult day care centers (38%). The primary sources of federal funding for adult day care include Medicaid (Section 1915(c) home and community-based (HCBS) waivers and the personal care state plan option), Title III of the Older Americans Act, and Social Services Block Grant programs.

There are no federal standards for adult day care, although national voluntary standards have been developed as a model for care practice. State requirements for licensure and/or certification vary, and often are designed for the purpose of assessing a center's eligibility for particular funding sources.

The Deficit Reduction Act of 2005 (P.L. 109-171), enacted in February of 2006, establishes a new optional Medicaid benefit that allows states to cover home and community-based services (HCBS), including adult day care, for persons whose income does not exceed 150% of the federal poverty level. The Centers for Medicare and Medicaid Services (CMS) is in the process of developing guidance and regulations for states to implement the HCBS state plan option. A number of bills pertaining to adult day care have been introduced in the 109th Congress. This report will be updated as needed.

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Long-Term Care: Facts on Adult Day Care

Introduction

Adult day care is a structured, comprehensive program that provides health, social, and other related support services in a protective community setting, on a less than 24-hour-per-day basis, to persons with physical or cognitive impairments who require assistance, supervision, and rehabilitation to restore or maintain optimal functioning.[1] Services generally provided include client assessment; nursing services; social services; therapeutic activities; personal care; physical, occupational, and speech therapies; nutrition; counseling; and transportation to and from the center. Most adult day care centers offer programs during regular business hours Monday through Friday, although some offer programs in the evenings and on weekends.[2]

Programs are supported by a variety of federal funding sources, as well as state and local government, private funds, and out-of-pocket participant fees. There are no federal standards for adult day care although national voluntary standards have been developed as a model for care practice. This report describes the emergence and growth of adult day care services; outlines the sources of funding available to adult day care centers, specifically addressing federal funding sources; and discusses the licensure and certification requirements for adult day care centers.

Background on Adult Day Care

Adult day care in the United States was inspired by European psychiatric day hospitals in the 1940s and influenced by the British geriatric day hospital model in the 1950s. Adult day care began in psychiatric day hospitals in the United States in the late 1940s, mainly assisting patients who were released from psychiatric facilities. The concept of day care was expanded to include supportive health and social services for impaired persons residing in the community in the 1960s.[3] The approximately 3,400 adult day care centers in the United States as of 2002[4] grew

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[1] National Adult Day Services Association (NADSA), *Adult Day Services: The Facts — What are ADS*? at [http://www.nadsa.org/adsfacts/what/default.asp], visited July 27, 2006 (Hereafter cited as NADSA, *The Facts*).

[2] Ibid.

[3] W. Kelly and L. C. Webb, The Development of Adult Day Care in America. In L.C. Webb (Eds.), *Planning and Managing Adult Day Care*. Maryland: National Health Publishing. pp. 9-17, 1989.

[4] Partners in Caregiving, Wake Forest University School of Medicine, *National Study of* (continued...)

from a handful of federally supported research and demonstration projects in the late 1960s and early 1970s. These projects served as the impetus for the development of adult day care under state-administered social and health services programs. Efforts by states to create and expand access to home and community-based care, which most frail elderly persons and persons with disabilities prefer to institutional care, spurred much of the growth in the adult day care sector.

Programs may be structured under one of three models of care: a social model, a medical model, or a combination model. The classification depends on the type of services offered by a provider. The adult day social care model offers social activities, meals, recreation, and some health-related services to participants.[5] The adult day health care model offers intensive health, therapeutic, and social services for individuals with severe medical problems and for those at risk of placement in a nursing home. The combination model offers all of these services. Another facet of adult day care models is day habilitation[6] programs for people with mental retardation/developmental disabilities (MR/DD). States may fund day habilitation services under a Section 1915(c) home and community-based services (HCBS) waiver or through a state Medicaid plan.[7] (This report excludes a full discussion of day habilitation and other types of programs for individuals with MR/DD).

In 2002, Partners in Caregiving of the Wake Forest University School of Medicine conducted a survey, funded by the Robert Wood Johnson Foundation, of 1,755 adult day centers across the country. It found that 21% (369) of the centers surveyed were operating under a medical model, 37% (649) under a social model, and 42% (737) under a combination of the social and medical models of care.[8] Of all the centers surveyed, about 20% reported offering specific social and health services to persons with Alzheimer's disease or a related dementia.[9]

Since most people with disabilities who need long-term care have a preference for home and community-based services rather than institutional care, adult day care

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[4] (...continued)
Adult Day Services: Key Findings 2001-2002, at [http://www.rwjf.org/files/newsroom/adultdayPowerPt.ppt#318,1,Slide 1] visited July 27, 2006 (Hereafter cited as Partners in Caregiving, *Key Findings*).

[5] ARCH National Respite Network, Factsheet Number 54 — Adult Day Care: One Form of Respite for Older Adults, 2002, at [http://www.archrespite.org/archfs54.htm#] visited July 27, 2006 (Hereafter cited as ARCH *Factsheet*).

[6] Section 1915(c)(5) of the Social Security Act defines habilitation services as those services designed to assist individuals in acquiring, retaining, and improving the self-help, socialization, and adaptive skills necessary to reside successfully in home and community-based settings, including pre-vocational, education, and supported employment services. In 2001, 138,264 individuals were served in day habilitation programs. CRS analysis of Institute for Community Inclusion, *StateData.info*. 2001, at [http://www.statedata.info] visited July 27, 2006.

[7] For more information, see the Adult Day Care Funding section of this report.

[8] Partners in Caregiving, *Key Findings*.

[9] Ibid.

plays an important role in the broad spectrum of long-term care services. By providing a protective environment during regular working hours to persons with long-term care needs who need supervision, adult day care can allow some frail elderly persons and younger persons with disabilities to remain at home or in another community setting with a family caregiver, in paid home care, or both. In part, this can be attributed to the respite that adult day care affords caregivers, allowing them to 1) continue working outside the home; 2) receive help with the physical care of a family member; and 3) have a break from what would otherwise be a 24-hour responsibility. Programs may also be designed to create opportunities for socialization and recreation, preventing some participants from becoming inactive and isolated in their homes and improving their quality of life.

The Partners in Caregiving survey found that while many communities have adult day care programs, many are underserved.[10] According to the survey, of the 3,141 counties in the United States, 37% (1,162) appeared to meet the population's demand for centers, while 7% (220) appeared to have excess capacity.[11] The survey concluded that 56% (1,759) of counties were underserved, indicating a demand in each of these counties for at least one new adult day care center with the capacity to serve at least 38 people per day. The survey indicated that 5,415 new adult day care centers are needed nationwide.

Of the approximately 3,400 adult day care centers operating in the United States, 78% are operated by non-profit, private, or public organizations.[12] Each day, these centers care for approximately 150,000 participants.[13] Of the total number of adult day care center enrollees, about 67% are women.[14] The population served ranges in age from 18-91; however, the average enrollee is 72 years old.[15] Typically, adult day centers serve an older frail population; 30% of centers reported the average age of their participants at 80 years or older.

According to the National Adult Day Services Association, most participants have fairly significant impairments; 59% of participants require assistance with two

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[10] Partners in Caregiving, Wake Forest University School of Medicine, *National Study of Adult Day Services Report: Shortage of Adult Day Services in Most U.S.* 2002, at [http://www.rwjf.org/newsroom/featureDetail.jsp?featureID=183&pageNum=1&type=3], visited July 27, 2006 (Hereafter cited as Partners in Caregiving, *Report*).

[11] The survey based adult day center capacity on availability gaps and utilization gaps. Calculations factored in an average adult day center size of 38 and an average utilization rate of 66 percent (as determined by this study). Demand was estimated using a conservative model developed specifically for the adult day services field. This model determined that 1.25% of the population over the age of 65 is in need and likely to choose adult day services.

[12] NADSA, *The Facts*.

[13] Ibid.

[14] Ibid.

[15] Partners in Caregiving: The Adult Day Services Program, Wake Forest University School of Medicine, *National Study of Adult Day Services: Adult Day Center Survey 2001-2002*, at [http://www.rwjf.org/files/newsroom/adultdayPowerPt1.ppt#782,1,Slide 1], visited July 27, 2006 (Hereafter cited as Partners in Caregiving: *Survey*).

or more activities of daily living (ADLs); and 41% require assistance with three or more ADLs.[16] Across all centers, the Partners in Caregiving survey found that the two most prevalent conditions among all participants were dementia (52%) and "frail elderly" (41%) — i.e., those individuals aged 60 and older in need of supervision and/or at-risk of social isolation; no dementia. Almost one-fourth (24%) of participants served were diagnosed with mental retardation/developmental disability, while almost another fourth (23%) were physically disabled but cognitively intact (e.g., stroke, Parkinson's disease, multiple sclerosis). About one-third (30%) of the population had been diagnosed with a chronic mental illness, HIV/AIDs, or a brain injury.[17]

Adult Day Care Funding

Adult day care is supported by a variety of federal funding sources, including Medicaid, the Older Americans Act, and Social Services Block Grants programs. Additional funding for adult day care is available from state and local governments, private insurance, and out-of-pocket participant fees. Data on the total amount of federal funding for adult day care are not available. The Partners in Caregiving survey found that third-party public reimbursement (federal and state funding) is the largest source of revenue for adult day centers (38%), followed by private payment/participant fees (35%), and other revenue (27%). (**Table 1**).

Table 1. Adult Day Center Revenue Sources, FY2001-FY2002

Source	Percentage of Total Revenue
Third-party public reimbursements	38%
Private pay/ participant fees	35%
Other revenue (e.g., grants, donations, ancillary services, private insurance)	27%
Total	100%

Source: Partners in Caregiving: The Adult Day Services Program, Wake Forest University School of Medicine, *National Study of Adult Day Services: Adult Day Center Survey, 2001-2002*.

[16] ADLs are activities necessary to carry out basic human functions, and include the following: bathing, dressing, eating, getting around inside the home, toileting, and transferring from a bed to a chair.

[17] Note that participants may have been included in one or more condition/diagnosis categories; and therefore, these proportions do not sum to 100%.

The following describes federal programs that provide funding for adult day care.

- Medicaid Home and Community-Based Services Waivers. Section 1915(c) of the Medicaid statute allows the Secretary to waive certain federal requirements in order to allow states to cover a wide range of home and community-based services.[18] In 2003, 44 state Medicaid programs provided reimbursement for adult day care through 1915(c) waivers.[19]
- Medicaid Personal Care State Plan Option. States have the option to cover personal care services (PCS) under their Medicaid programs. PCS are defined as services furnished to an individual at home or in another location (excluding hospitals, nursing facilities or intermediate care facilities for the mentally retarded (ICF-MR), or institutions for mental diseases) that are authorized by a physician or, at state option, otherwise authorized under a plan of care.[20] Variation exists among states in terms of the type and amount of services provided under this option.[21] As of 2005, 2 states offering PCS benefits in their Medicaid state plans included adult day care services.[22]
- Program of All-Inclusive Care for the Elderly (PACE). PACE provides a comprehensive array of acute and long-term care services to frail elderly persons living in the community, who would otherwise require institutional care. The PACE model of care is a permanent entity within the Medicare program and enables states to provide PACE services to Medicaid beneficiaries as a state option. At its core, the model provides adult day health care and

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[18] Day habilitation, a facet of the adult day care model, may be provided under this funding stream for individuals with MR/DD. See footnote 6 for definition of habilitation. For further information see CRS Report RL31163, *Long-Term Care: A Profile of Medicaid 1915(c) Home and Community-Based Services Waivers*, by Carol O'Shaughnessy and Rachel Kelly.

[19] CRS analysis of CMS Section 1915(c) waiver database, June 2003. Data on the amount of spending under waiver programs, specifically for adult day care, is not available. However, FY2005 spending for Section 1915(c) waiver services was at $22.7 billion, representing about 65% of all Medicaid financed community-based long-term care spending. Medstat, *Medicaid Expenditures in FY 2005*, by Brian Burwell, Kate Sredl and Steve Eiken.

[20] See CRS Report RL31163, *Long-Term Care: A Profile of Medicaid 1915(c) Home and Community-Based Services Waivers*, by Carol O'Shaughnessy and Rachel Kelly.

[21] Day habilitation, a facet of the adult day care model, may be provided under this funding stream for individuals with MR/DD. See footnote 6 for definition of habilitation.

[22] Laura L. Summer and Emily S. Ihara, *The Medicaid Personal Care Services Benefit: Practices in States that Offer the Optional State Plan Benefit*. 2005.

interdisciplinary case management.[23] As of March 2005, PACE programs existed in 22 states.[24]

- Medicaid Home and Community-Based Services State Plan Option. (Not yet implemented).[25] See Deficit Reduction Act of 2005 in the Legislation in the 109th Congress section of this report.
- U.S. Department of Agriculture/Child and Adult Care Food Program (USDA/CACFP). Private or public nonprofit adult day care centers may participate in CACFP as independent or sponsored centers. For-profit centers may be eligible for CACFP funding if at least 25% of their participants receive benefits under Title XIX (Medicaid) or Title XX (Social Services Block Grant) of the Social Security Act. Meals served to adults receiving care are reimbursed at rates based on a participant's eligibility for free, reduced price, or paid meals. As of June 2006, approximately 86,000 adults participate in CACFP through adult day care programs each day.[26]
- Title III of the Older Americans Act. Title III authorizes grants to states and area agencies on aging to act as advocates on behalf of, and to coordinate programs for, older persons. The Administration on Aging (AoA) allots funds to states for supportive services and centers, congregate and home-delivered nutrition services, and disease prevention/health promotion services based on each state's relative share of the total population aged 60 years and over. In FY2004, 8.1 million older persons received a range of services under Title III programs, including 26,755 individuals who participated nationwide in adult day care programs. About $9.4 million of Title III funds were expended on adult day care services in 2004.[27]
- Title XX of the Social Services Block Grant (SSBG). The SSBG, a federal grant to states, provides a flexible source of funds that states may use to support a wide variety of social services. Title XX of the Social Security Act permanently authorizes the SSBG as a "capped" entitlement to states. In other words, states are entitled to a share of the nationwide funding ceiling or "cap" based on the state's relative population size.[28] States may choose to pay for adult day care both for elderly and for younger persons with disabilities

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[23] National PACE Association, at [http://www.npaonline.org/website/article.asp?id=4] visited July 27, 2006.

[24] CMS, *Medicaid At-a-Glance 2005: A Medicaid Information Source*. 2005.

[25] For more information, see CRS Report RS22448, *Medicaid's Home and Community-Based Services State Plan Option: Section 6086 of the Deficit Reduction Act of 2005*, by Karen Tritz.

[26] USDA Food and Nutrition Service, *Child and Adult Care Food Program: About CACFP* 2006, at [http://www.fns.usda.gov/cnd/Care/CACFP/aboutcacfp.htm] visited July 27, 2006.

[27] U.S. Administration on Aging, *Estimated Unduplicated Count of Persons Served Under Title III of the OAA: FY2004*.

[28] For further information, see CRS Report 94-953, *Social Services Block Grant (Title XX of the Social Security Act)*, by Melinda Gish.

using SSBG funds. In 2004, $12.4 million of SSBG funds were spent on adult day care services.[29]

Medicaid 1915(c) HCBS waivers are the most commonly reported source of third-party public funding. Sixty percent of adult day care centers reported receiving these funds. State and local programs account for the second most common source of funding (50% of centers).[30] (See **Table 2**.)

Table 2. Third-Party Public Reimbursement, FY2001-FY2002

Source	Percentage of Centers Reporting Funding
Medicaid 1915(c) HCBS Waiver	60%
State or local program (does not include Title III or Title XX dollars)	50%
USDA/CACFP (food program)	43%
Title III Older Americans Act	26%
Veteran's Administration	22%
Medicaid Personal Care	21%
Title XX Social Services Block Grant	19%
Medicare	4%
Other city, county, state, and federal funding sources	14%

Source: Partners in Caregiving: The Adult Day Services Program, Wake Forest University School of Medicine, *National Study of Adult Day Services: Key Findings, 2001-2002*.

Note: A total of 1,755 adult day care centers were surveyed. Sample sizes were provided for individual questions and ranged from n= 862-1,449. Numbers vary due to item nonresponse.

In addition to public funding, most centers charge sliding-scale fees based on the participant's income, with remaining costs paid from contributions, donations and grants received by the centers. On average in 2002, adult day centers served 25 people per day (with an overall enrollment of 42) at an average cost of $56/day and an average daily fee of $46.[31] In general, rates depend on the types and quantity of the services provided, their costs, and availability of public and other private funds.

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[29] Ibid.

[30] Partners in Caregiving: *Survey*.

[31] Partners in Caregiving, *Report*.

Despite the popularity of adult day care as a means to assist frail older persons and younger persons with disabilities to remain in their own homes, some believe that the fragmented nature of funding sources hampers the development of new centers.[32] Programs must arrange for multiple sources of funding, ranging from reimbursement based on an individual's eligibility for specific programs (e.g., Medicaid and Medicare) to project grants (e.g., Older Americans Act).

Licensure Requirements

There are no federal standards for adult day care centers. Requirements for licensure and/or certification are often designed by states for the purpose of assessing a center's eligibility for particular sources of funding. However, these requirements for adult day centers vary widely across states. In the Partners in Caregiving survey, 79% of centers (1,385) reported that they are certified or licensed by the state, 13% of centers (228) indicated that certification or licensure does not exist in their state, and 7% (122) reported that licensure or certification exists, but they are not certified or licensed because their center is not required to be.[33] The remaining 1% of centers (18) reported that they were not currently licensed or certified, but had applied to the state.[34]

The National Adult Day Services Association, in conjunction with the Commission on Accreditation of Rehabilitation Facilities (CARF), has developed and recommended voluntary national standards, referred to as the *Standards and Guidelines for Adult Day Care*.[35] Accreditation for adult day care centers is designed to assist families, consumers, and health and social service providers in choosing those centers that offer higher quality programs. According to the Partners in Caregiving survey, 6% (99) of adult day care centers reported that they obtained CARF accreditation, while 66% (1088) reported that they had not and had no plans to do so.[36] The remaining 28% (462) of centers had applied or were planning to apply for CARF accreditation.[37] Federal, state, and local laws, ordinances, regulations, and requirements that exist take precedence over these recommended voluntary standards.

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[32] Ibid.

[33] Partners in Caregiving, *Survey*.

[34] Ibid.

[35] According to the NADSA, the standards were intended to: assist and encourage development of new centers; improve the quality and efficiency of existing centers; and provide national direction for policy formation. For further information, see *Standards and Guidelines for Adult Day Services* by Mary Brugger Murphy and the National Adult Day Services Association, 1997.

[36] Partners in Caregiving, *Survey*.

[37] Ibid.

Federal Legislation Concerning Adult Day Care

Over the years Congress has established various funding sources, tax incentives, and other mechanisms of support for the development of home and community-based services. Many of these initiatives have been used to cover adult day care services for people with long-term care needs.

The first major federal support for adult day care in the United States began in 1972 when Congress passed P.L. 92-603, the Social Security Act Amendments of 1972. This legislation supported research and demonstration projects in adult day care. During the early 1970s, other demonstration projects were established by the Medical Services Administration (now the Centers for Medicare and Medicaid Services, CMS, which administers the Medicare and Medicaid programs) and the AoA. These research and demonstration efforts served as an impetus for the expansion of day care in the late 1970s under existing state-administered social and health service programs, primarily the Social Services Block Grant, Title III of the Older Americans Act, and Medicaid.

In 1981, Congress supported continued expansion of adult day care under Medicaid, through the enactment of section 1915(c) of the Social Security Act.[38] As previously noted, this provision authorized the Secretary of HHS to waive certain federal Medicaid requirements in order to allow states to expand home and community-based services. Under these waivers, state Medicaid programs may reimburse for adult day care services provided to persons who meet the state's eligibility requirements for nursing home care but are living in the community.

In the Economic Recovery Tax Act of 1981 (P.L. 97-34), Congress extended use of the dependent care tax credit to situations in which the incapacitated spouse or adult dependent of an employed taxpayer receives care outside the home, including adult day care, provided the spouse or dependent continues to live in the household. Prior to this legislation, the credit applied only to expenses outside the home for individuals under age 15 (i.e., only for child care). The act also authorized a new tax exclusion for employer dependent care assistance programs that could apply to those expenses.

The Veterans Healthcare Act of 1983 (P.L. 98-160), initiated an Adult Day Health Program in selected VA Medical Centers. Today the Department of Veterans Affairs, awards contracts to community-based adult day programs.

The Older Americans Act Amendments of 1987 (P.L. 100-175) authorized assistance under the USDA/CACFP to eligible nonprofit adult day care centers.

The Balanced Budget Act of 1997 (BBA97, P.L. 105-33), included an option for states, known as Program of All-Inclusive Care for the Elderly (PACE), which provides a comprehensive array of acute and long-term care services to certain frail

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[38] For further information, see CRS Report RL31163, *Long-Term Care: A Profile of Medicaid 1915(c) Home and Community-Based Services Waivers*, by Carol O'Shaughnessy and Rachel Kelly.

elderly persons living in the community, who would otherwise require institutional care. BBA97 made PACE a permanent benefit category under Medicare, and a state plan optional benefit under Medicaid.[39] At its core, the PACE model provides adult day health care, and interdisciplinary case management. Adult day care, in particular, is the key service used for monitoring plan participants and coordinating and delivering all medical and social service benefits.

The Older Americans Act Amendments of 2000 (P.L. 106-501), authorized grants to state agencies on aging to carry out the National Family Caregiver Support program, which provides assistance and services to families who care for the frail elderly. Adult day care may be provided to frail older persons, as an option by states, under this program.

The Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act (BIPA) of 2000 (incorporated in the Consolidated Appropriations Act of 2001 (P.L. 106-554) amended the Medicare home health benefit requirements to allow home health recipients to attend adult day care programs without losing their eligibility for the Medicare home health benefit. Specifically, BIPA clarified that Medicare beneficiaries receiving health care treatment, including therapeutic, psychosocial, or medical treatment in a licensed or accredited adult day care program, shall not be disqualified from receiving Medicare home health as a result of the eligibility requirement that an individual be "homebound." Under Medicare, a homebound individual is defined as one who cannot leave home without a considerable and taxing effort, or who requires the aid of a supportive device (such as crutches, a cane, a wheelchair, or a walker), or who has a condition such that leaving the home is medically contraindicated.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA, P.L. 108-173) established the Medical Adult Day Care Services Demonstration, which encourages home health agencies to partner with medical adult day care facilities to provide medical adult day care services to Medicare beneficiaries as a substitute for a portion of home health services otherwise provided in the home. An evaluation of the clinical and cost-effectiveness of medical adult day care services as an alternative approach to the delivery of Medicare home health services will be conducted by the Secretary of the Department of Health and Human Services. Five home health agencies have been selected to participate in the three-year demonstration project, which was expected to begin in June 2006.[40]

Legislation in the 109th Congress

The Deficit Reduction Act of 2005 (DRA, P.L. 109-171) established a new optional Medicaid benefit that allows states to cover HCBS for persons whose

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[39] See CRS Report RL30813, *Federal and State Initiatives to Integrate Acute and Long-term Care: Issues & Profiles*, by Edward A. Miller.

[40] HHS Public Affairs Office, *CMS Announces New Home Health Demonstration,* 2006, at [http://www.cms.hhs.gov/DemoProjectsEvalRpts/downloads/MMA703_PRSiteSelection.pdf] visited July 27, 2006.

income does not exceed 150% of the federal poverty level without having to request a Section 1915(c) or 1115 waiver from the Secretary of HHS.[41] States may use this option to cover adult day care, as well as a range of other long-term care services in the community, for people of all ages who meet state-defined functional needs criteria. States that include this benefit in their package of state plan services may provide adult day care to Medicaid beneficiaries served under this option.

A number of other bills have been introduced in the 109th Congress. As of July 2006, no legislative action had been taken on any of the bills. The bills described below reflect interests by a variety of Members to make changes to federal coverage of adult day care. The compilation is not comprehensive. A number of other bills not included below have been introduced to address broader aspects of the long term care system and propose changes that may also affect the nation's adult day care system.

H.R. 1981, introduced by Representative Lloyd Doggett, would amend Medicare law to cover substitute adult day care services for eligible beneficiaries. Substitute adult day care services are those items and services furnished to an individual by an adult day care facility as part of a plan that substitutes such services for portions of items and services furnished by a home health agency. The bill would permit qualified adult day care service providers to receive Medicare reimbursement equivalent to amounts paid under the home health care benefit.

S. 835, introduced by Senator Larry Craig, would amend the Internal Revenue Code of 1986 to allow a nonrefundable income tax credit for 50% of expenses exceeding $1,000 for the care of chronically ill individuals (who have attained normal retirement age). Eligible expenses would include payments for adult day care, among other long-term care services. S. 1826, introduced by Senator Herb Kohl, would expand the credit for dependent care expenses to cover eldercare expenses, which may include adult day care. In addition, the definition of "qualifying individual" would be amended to include an individual who 1) has attained retirement age (as defined in Section 216(l)(1) of the Social Security Act); 2) is the spouse of or bears a certain relationship to the taxpayer; and 3) is a chronically ill individual.

S. 2620, introduced by Senator Hillary Clinton, would amend the Older Americans Act and authorize the Assistant Secretary for Aging to allot states funds to provide older individuals with financial assistance to select a flexible range of home and community-based long-term care services or supplies, including adult day services (i.e., health and social day care services). State allotments would be based on the number of individuals who are age 60 or older and whose income does not exceed 100% of the federal poverty level.

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[41] See CRS Report RL33251, *Side-by-Side Comparison of Medicare, Medicaid, and SCHIP Provisions in the Deficit Reduction Act of 2005,* by Karen Tritz, Sibyl Tilson, Julie Stone, Chris L. Peterson, Jennifer O'Sullivan, Paulette C. Morgan, Elicia J. Herz, Jean Hearne, Jim Hahn, April Grady, Hinda Chaikind, and Evelyne P. Baumrucker.