CSHP News

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The Institute for Health, Health Care Policy, and Aging Research

State Adult Day Health Services: Different Purposes, Different Models

As states look to create and finance service options for aged and disabled adults outside of institutional settings, they are examining a variety of community-based service models. Foremost among these community models is Adult Day Health Services.

To help understand state policy options in this emerging area, CSHP conducted a survey of all 50 states' adult day health service (ADHS) programs with a focus on how these services are financed and how client eligibility is determined.

Most states have multiple funding sources for ADHS, including various forms of Medicaid financing. These strategies permit states to obtain federal matching funds. The primary funding source for the majority of states is the Medicaid Waiver (1915-c), also known as a Home and Community Based Service Waiver (HCBS). Other states offer ADHS primarily through the Medicaid State Plan or through other funding sources, such as the Older Americans Act. Those states that employ a Waiver as the single or primary funding source for ADHS typically use the requirements defined by the Waiver as their primary eligibility criteria. The main purpose of the Waiver, which incorporates several community-based services, including ADHS, is to provide services as an alternative to institutional care, with the goal of preventing or delaying institutionalization. Because providing non-institutional alternatives is a clear mission of HCBS Waiver services, states offering ADHS through this mechanism tend to incorporate more structured eligibility criteria, basing much of the functional eligibility criteria on nursing facility entrance criteria.

Pre-Admission Screening for ADHS among States that Rely on HCBS Waivers (28 States)

- 46% do not have ADHS-specific eligibility criteria but rely primarily on the Waiver eligibility criteria.
- 93% require nursing facility level of care as one of their primary eligibility criteria for the waiver. Of these 26, 89% measure nursing facility level of care by using a comprehensive assessment instrument.
- 86% use the information gathered from the assessment instrument to create a service plan for clients, which may include ADHS as one of the services.

Although states that use a Medicaid State Plan as the primary funding source for ADHS offer this service as an alternative to institutional care as well, the purpose or goal of this community-based service is not as straightforward. Some

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CSHP Examines Pharmacy Assistance Programs Across States

As Congress continues to debate a Medicare pharmacy benefit plan, states are attempting to find solutions to fill this coverage gap for low-income populations. A recent CSHP study, funded by the AARP Public Policy Institute, examined the varied experiences of pharmacy assistance programs in New Jersey, California, and Maine. The study found that New Jersey has one of the most generous pharmacy assistance programs in the country: Pharmacy Assistance for the Aged and Disabled (PAAD).

PAAD targets the state's lower-income Medicare beneficiaries who are not enrolled in Medicaid. In 2001 the state enacted the Senior Gold program to cover prescription drugs for elderly and disabled individuals who have incomes up to $10,000 greater than those allowed under PAAD. The keys to New Jersey's success in providing prescription drug coverage to this population were finding stable and permanent funding sources for these programs, grassroots consumer support, and strong program administration. However, annual cost increases of more than 13% in the PAAD program have proven to be a challenge to maintaining the program's level of benefits.

In contrast, California has pursued a strategy of allowing all of the state's Medicare beneficiaries to purchase prescription drugs at a discounted rate; i.e., the price reimbursed by the state Medicaid program to pharmacies, plus a 15-cent processing fee. This strategy has resulted in the state incurring very few additional costs. The report finds that although this program provides some relief to Medicare beneficiaries who pay for their prescriptions out of pocket, significant savings for consumers may not be achieved without obtaining price

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The Financing of School-Based Health Clinics

First appearing in the United States during the 1970s, school-based health clinics (SBHCs) provide a range of medical, dental, and mental health services to students. Since then, the number of clinics has grown rapidly, and evidence suggests that they play an important role in providing students with improved access to quality health care. Beginning in 1997, the Healthcare Foundation of New Jersey (HFNJ), in partnership with the Newark School District and the Saint Barnabas Healthcare System, established five health clinics in Newark schools—one in a high school and four in elementary schools. Each clinic has a full-time pediatric nurse practitioner, social worker, and administrative assistant. Services at the clinics are available to students at no cost.

As part of a series of studies that began in 2000, CSHP staff examined the implementation of the clinics and researched long-term funding options. Surveys, focus groups, and interviews revealed that the clinics were well regarded by parents, teachers, school and clinic staff, and program partners. Respondents believed that the school clinics provided increased access to health services, improved students' health knowledge and behavior, reduced absenteeism, and helped students to cope with serious problems. During the 2000–2001 school year, 6,498 students visited the clinics at least once. However, to maintain these centers, the program partners will need to secure funding beyond the initial seed money provided by HFNJ.

To gain insights into possible options for sustainable funding, HFNJ commissioned CSHP to learn what programs in other states are doing to finance their clinics. CSHP staff identified four states as front-runners in the use and financing of school clinics (New York, Delaware, Connecticut, and Colorado) and interviewed at least two individuals from each state.

The most important and consistent message from the interviews regarded the need to diversify the funding base. According to respondents, diversity promotes sustainability, builds on the strengths of the individual funding sources, and allows the clinic to cover a variety of clients. For example, Delaware's 27 school-based health clinics run largely on a state appropriation of $4.7 million, making them highly susceptible to political change. In contrast, Colorado's heterogeneous funding base requires a great investment of time to develop and sustain, but ultimately better situates the clinics for longevity.

An option for funding that seems promising on the surface is third-party payment, through contracting with managed care organizations (MCOs). Respondents agreed that this will not cover all or even most costs, but they still thought it was an important source of funding. Contracting with SBHCs can be attractive to MCOs because in a community where a managed care plan doesn't have a large network, the school clinic can be an additional source of providers, and therefore may enhance the plan's performance. Furthermore, non-profit plans may see SBHCs as consonant with their mission. But there are also difficulties involved with contracting with MCOs, as demonstrated in New York, where the state worked for several years to create acceptable contractual agreements before ultimately delaying indefinitely the requirement that MCOs contract with SBHCs. The MCOs may require a record keeping, communications, and quality assurance infrastructure that many clinics do not possess, and the MCO may also view the related costs of contracting as a financial disincentive. Clinics, in turn, may prefer the status quo, particularly if they are receiving fee-for-service payments.

Respondents also stressed that good public relations are essential for identifying funding opportunities and recommended garnering community support as well as engaging elected officials and potential funders. Because of turnover among officials and personnel, these efforts must be continuous.

In New Jersey, school clinics are attracting greater attention on the political agenda. As the state moves forward, it should learn from the experiences of other states, including their efforts to pursue a diversified funding base, and work towards clearly describing the clinics' value and educating their potential supporters. In turn, the clinics should assess and enhance clinic record keeping, communications infrastructure, confidentiality procedures, and quality assurance to better position themselves to receive third-party funding.

Recent Grants Received

"New Jersey State Planning Grant." $976,817 from the NJ Department of Human Services, under a grant from HRSA, U.S. Department of Health and Human Services (July 2002 to June 2003). Joel C. Cantor, Sc.D., and Alan Monheit, Ph.D.

"TBI-SCI Data Collection and Analysis." $54,996 from the NJ Department of Health and Senior Services under a grant from HRSA, U.S. Department of Health and Human Services (July 2002 to March 2003). Nancy Scotto Rosato, M.A.

"Women with Disabilities and Health Issues." $71,197 from the NJ Department of Human Services (July 2002 to March 2003). Sandra Howell-White, Ph.D.

"Advisor Services to the NJ Department of Health and Senior Services." $111,780 from the NJ Department of Health and Senior Services (July 2002 to June 2003). Susan C. Reinhard, R.N., Ph.D.

"Using State Research and Analysis to Inform Federal and State Policy." $10,000 through a grant from The Commonwealth Fund to the University of Southern Maine (June 2002 to May 2003). Joel C. Cantor, Sc.D.

"ASPE Nurse Delegation Project." $200,000 from the Assistant Secretary of Planning and Evaluation, U.S. Department of Health and Human Services (September 2002 to September 2005.) Susan C. Reinhard, R.N., Ph.D.

Adult Day Care

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states offer ADHS for rehabilitative purposes, whereas others offer it as a way to obtain limited skilled nursing care and so forth. Because of this variation in program goals, the eligibility criteria for ADHS under the Medicaid State Plan varies considerably, with differing eligibility criteria and implementation efforts set forth by states using this method of funding.

States that Primarily Use the Medicaid State Plan to Fund ADHS (12 States)

- 33% use nursing facility level of care as one of the eligibility criteria for adult day health.
- 33% offer ADHS as a rehabilitative service or as a way to access skilled services.
- 67% use either a program-specific or a comprehensive assessment instrument that is implemented statewide and used for pre-admission screening.
- 42% have ADHS facilities collecting their own pre-admission screening information.

The essential differences between admission methods used by states using a Medicaid State Plan and those using a HCBS Waiver method are the eligibility criteria and the assessment procedure undertaken to establish that the criteria are met.

States with HCBS Waiver funding for ADHS use a more clear and standardized admission process, but they do not necessarily have better or more defined ADHS program eligibility criteria. Nebraska and Massachusetts are examples of two methods of ADHS admission requirements that, although distinct, share similarities with other states that use these funding sources.

CSHP used multiple methods to gather information for this study, including conducting telephone interviews with state officials and reviewing public documents relevant to ADHS, such as regulations and program standards. Funding for this research was provided by The Robert Wood Johnson Foundation.

Clearly stated, ADHS program eligibility criteria with specific assessment procedures may be more beneficial for the client and for regulatory purposes. Attention to these standards will allow states to establish a more structured, and possibly, a more cost effective admission process for home and community based services. A more detailed comparative analysis of ADHS programs in key states will be shared in the next few months by CSHP.

State Pharmacy Assistance

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concessions from pharmaceutical manufacturers (in the form of rebates). Recognizing this, Maine enacted two pharmacy discount programs designed to obtain rebates from pharmaceutical manufacturers and pass those savings along to consumers, however both programs have been challenged by lawsuits filed by the Pharmaceutical Research and Manufacturers Association (PhRMA). Maine Rx was designed around negotiating rebates from manufacturers in exchange for open access to the manufacturer's drugs in the state's Medicaid program. The resulting discounted prices would be available to all state residents who enroll in the program, regardless of age or income. PhRMA sued the state, arguing that Maine Rx illegally uses Medicaid policies to force price concessions for a non-Medicaid population and that the program would regulate commercial transactions that occur outside of Maine. Maine Rx is currently on hold, pending a ruling from the U.S. Supreme Court. Partly in response to the legal challenge, the state applied for and received a federal Medicaid waiver to provide discounted prescription drugs to lower-income residents (those living 300% below the federal poverty level). The waiver requires manufacturers to provide the state with a rebate for the drugs purchased under the program, and the state then passes along those rebates to enrollees in the form of reduced prescription costs. This program is currently in operation, but is also being challenged in court by PhRMA.

...the report concludes that State programs do not constitute a national prescription drug safety net for Medicare beneficiaries.

CSHP has completed another report, titled: *State Pharmacy Assistance Programs: Approaches to Program Design*, published by The Commonwealth Fund. Based on a survey of all states with pharmacy benefit programs and case studies of eight states, the report analyzes how these programs are administered and funded, their eligibility criteria , which drugs are covered, and the impact of cost-sharing requirements on enrollment. Given limited available resources, states often choose to offer a comprehensive benefit to a limited number of low-income persons rather than offer a less generous benefit to a broader group. When states do extend the benefit to people with higher incomes, they typically require more cost sharing from this group, which can have a negative impact on enrollment. Due to the focus on lower-income populations, the variability in the generosity of states programs, and the fact that younger disabled persons are often not covered in these programs, the report concludes that State programs do not constitute a national prescription drug safety net for Medicare beneficiaries.

To obtain a copy of *Three States' Approaches to Pharmaceutical Assistance: A Guide for the Perplexed*, or *State Pharmacy Assistance Programs: Approaches to Program Design*, please visit the CSHP web site: www.cshp.rutgers.edu, or send an email to info@cshp.rutgers.edu.

CSHP
Rutgers Center for State Health Policy

Rutgers Center for State Health Policy informs, supports, and stimulates sound and creative state health policy in New Jersey and around the nation. *CSHP News* provides details on the Center's latest projects, findings and other activities, and features discussion of emerging state health policy issues. This newsletter was made possible through a major grant from The Robert Wood Johnson Foundation and funding from Rutgers, The State University of New Jersey.

We welcome your comments and suggestions.

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New CSHP Issue Brief Now Available

A new CSHP Issue Brief, **Health Insurance Coverage in New Jersey: Recent Trends and Policy Challenges** is now available. This Brief, first in a series addressing health insurance coverage in the state, is available for download at the CSHP web site: www.cshp.rutgers.edu. It provides an overview of coverage in New Jersey and a profile of the uninsured, based on data from the U.S. Census Bureau.

Also available at www.cshp.rutgers.edu:

- Adult Day Health Services: A Review of the Literature
- Three States' Approaches to Pharmaceutical Assistance: A Guide for the Perplexed (a Report of the AARP Public Policy Research Center)
- State Pharmacy Assistance Programs: Approaches to Program Design (a Field Report of The Commonwealth Fund)
- Analysis of Maternal and Child Services in Trenton, New Jersey
- Creating Sustainable School-Based Health Centers: A Report on Clinic Financing

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