CAADS Rate Increase Campaign Frequently Asked Questions

California Association for Adult Day Services represents 290+ Community Based Adult Services (CBAS) providers, serving more than 37,000 frail, low-income elders and people with disabilities in 38 counties.

What is Community Based Adult Services (CBAS)?

- Community Based Adult Services (CBAS) centers provide life-affirming, life-saving care and support to one of California's most vulnerable populations: Medi-Cal eligible frail elders, including those living with dementia; people with chronic disabling conditions, and people with mental health or intellectual and developmental disabilities.
- CBAS centers reflect their communities, including culturally and ethnically diverse populations, providing services in a manner that is tailored to individual needs and preferences.

What is our request?

1. **Increase the base Medi-Cal published CBAS rate from the current $76.27 to $122.42 per day.**
    - This reflects the increase in inflation for adult day care and nursing homes between July 2009 (when rates were frozen during the Great Recession) and July 2023.
    - The federal Veterans Administration pays well over $120 per day, and transportation is paid separately, as it is in most other states.
2. **Enact in law a requirement similar to that in the 1115 Waiver that a Medi-Cal Managed Care Plan must pay no less than the published statewide CBAS rate** and offer a competitive, sustainable rate to keep access to services intact and grow to meet demand.
    - Four MCOs failed to pass on to their CBAS providers the full restoration of Prop. 56 supplemental funds approved in the 2019-2020 state budget. Two Managed Care Plans still pay 10% below the Medi-Cal rate; Molina and Blue Shield Promise.
3. **Enact a 2-year moratorium on licensing fees, now almost $11,000 per year.**
    - Implement long standing law that reduces such fees for CBAS centers serving 80% or more Medi-Cal beneficiaries.

Why does CBAS need a rate increase / rate floor / licensing fee reform?

- Centers are taking a loss on Medi-Cal patients but have no other major payors.
- At one time, CBAS got regular rate increases based on the annual nursing home rate increase. That stopped and the rate was frozen 14 years ago. But all requirements remain and have only increased with the shift to Medi-Cal Managed Care plans as the payors today.
- The pace of center closures has increased in the past 18 months. Many more will close this coming year if there is no rate relief. The only way centers keep doors open is to increase volume and pay below market wages, but many centers cannot increase the space they have.
- Centers cannot compete in a labor market where everyone in health care is "fishing from the same labor pool." Rates are too low to pay staff competitive wages.

Why does this matter?

- Seniors are the fastest growing demographic in the state. Yet the number of centers has declined over the past decades, particularly in rural and other underserved areas of the state.
- The services provided at CBAS centers keep people out of institutions. One in five seniors entered homelessness from an institution.
- All CBAS participants must meet nursing home level of care eligibility.
- CBAS services at the intersection of some of California's most vulnerable populations, including racial and ethnic minorities, veterans, and survivors of domestic violence.
- CBAS is the antidote to social isolation, loneliness, and depression--all of which shorten lifespan.

Why Is Enhanced Care Management (ECM) not an answer?

ECM, a new benefit under the 1115 CalAIM demonstration waiver, is just getting underway. While some CBAS centers have added this new line of service, the managed care contracting process is new, takes time, varies from plan to plan, requires an upfront investment in new resources and is time-limited. It does not solve the problem of inadequate rates to fully provide mandated services with qualified staff.

Why is the Veterans Administration (VA) not an answer?

Federal VA contracts are difficult to get and take a long period of time to complete once approved. While veterans are a demographic that greatly benefits from CBAS they are but a small proportion of the entire eligible population and not sufficient to make up the losses in serving Medi-Cal participants.

Are centers closing because utilization is low?

Yes, Centers are still recovering from the pandemic's impact on participants' health and endurance. When centers were required to bring participants back to in-center care, except for strict exceptions; many were unable to return or could only tolerate limited time. Transportation systems have not recovered. Managed care controls utilization and will deny emergency remote services. The labor crisis has left centers short-staffed, affecting the number of people they can enroll.

Can this be solved through negotiations between centers and plans?

No. This has not proven to be a successful strategy except in a few counties where there are a handful of centers. It is a myth that small providers can negotiate rates. In CBAS' more than decade-long experience, contracts are "take it or leave it" offers. In fact, DHCS has had to facilitate discussions with four MCOs to convey to them the Legislative intent in 2019 to restore the 10% provider rate cut.

Do centers have the ability to shift costs to other payors?

No, there is little ability to make up for the inadequate funding from managed care plans by shifting costs to better-paying contracts. CBAS is designed, per state policy, to be an alternative to Medi-Cal funded nursing home care. As such, more than 96% of the people served are on Medi-Cal. Medicare does not pay for CBAS because it is long-term care. Long term care insurance is not widely available.

Does the MCO Tax offer a way to pay for rate increases?

It is our understanding that MCO Tax revenue will only be used to fund rate increases for a select group of Medi-Cal providers that does not include CBAS.