



Specialty care

Get Smart guide

COMMERCIAL INSIGHT CENTER SM

Understanding adult day centers and services

We know how important it is to be informed about the businesses and institutions you work with. That's why we developed this guide covering the statistics, trends, key terms, and rules and regulations associated with adult day centers and services.

With this guide, we can help you learn the things you need to know to write this type of business.



What are adult day services?

Adult day services (ADS) are nonresidential professional settings in which older adults, adults living with dementia or adults with disabilities receive therapeutic, social and health services for some part of the day.¹ These adult day centers and services allow individuals to stay in the community rather than move into a residential facility, offer a lower-cost alternative to senior living and provide a place for caregivers to take a break during challenging times.



¹ National Adult Day Services Association, <https://www.nadsa.org/learn-more/about-adult-day-services>.



Profile of a typical provider

Typical adult day services characteristics²:

- May be a parent organization such as a nursing home, senior services organization, hospital or religious organization
- Likely to be a private nonprofit
- Usually has an RN or LPN on staff and one care worker for every six patients
- Average capacity of 40
- Offers a variety of services such as nursing and other health-related services (including different types of therapy), caregiver support, meals, and social and physical activities
- The majority of adult day services are nonprofit, most of which are a part of a larger organization that may offer a range of senior living services
- The majority of adult day services providers have a nursing professional on staff; many of these programs also have other professionals to provide everything from social work services to case management

Typical demographics:

- Average age of 72 years old
- 2/3 are women
- 52% of clients have cognitive impairment

Typical services offered²:

- Personal care and support for activities of daily living (ADLs)
- Transportation
- Caregiver support
- Social activities
- Meals
- Therapy — physical and mental

Adult day services may range from specialized care (often for those with dementia or disabilities) all the way to social care (primarily recreational).

² "Adult Day Care," Aging in Place, <https://www.aginginplace.org/adult-day-care> (February 2020).



Importance of adult day services facilities

Adult day services can offer relief for caregivers

29% of U.S. adults have a child younger than 18 at home. 12% of these parents also care for an adult.³



1. Growth in the population age 65 and older translates into growth in the adult day services industry.

The Census Bureau projects that by 2035, there will be more adults over 65 than children under 18. By 2040, seniors may account for 25% of the population.⁴

2. Many older adults will have a disability.

26% of U.S. adults and 2 in 5 adults 65 or older have some kind of disability.⁵

3. Alzheimer's is on the rise.

Over 5 million Americans today are living with Alzheimer's. By 2050, that number is expected to triple.⁶

³ "More than one-in-ten U.S. parents are also caring for an adult," Pew Research Center, <https://www.pewresearch.org/fact-tank/2018/11/29/more-than-one-in-ten-u-s-parents-are-also-caring-for-an-adult> (Nov. 29, 2018).

⁴ "States Focus on Rise of Elderly Populations," U.S. News and World Report, <https://www.usnews.com/news/best-states/articles/2019-09-30/states-focus-on-rise-of-elderly-populations> (Sept. 30, 2019).

⁵ "Disability Impacts All of Us," Centers for Disease Control and Prevention, <https://www.cdc.gov/ncbddd/disabilityandhealth/infographic-disability-impacts-all.html> (September 2019).

⁶ "2019 Alzheimer's Disease Facts and Figures Report," Alzheimer's Association, <https://www.alz.org/media/documents/alzheimers-facts-and-figures-2019-r.pdf>.



Where the market is going

Trend 1: The demand for adult day services will grow.

As the population ages, the demand for adult day services will increase as will the desire for additional facilities to meet the needs of this growing population.

There are an estimated 4,600 adult day services centers across the U.S. — a 35% increase since 2002.⁷

Trend 2: There's a shift in how services are being offered.

Adult day services are beginning to offer more programs that focus on prevention and that address chronic conditions.⁷ They are also using person-centered care to address several challenges, including mental health and addiction disorders.⁸

Trend 3: Sources of funding will be a topic of discussion.

There is increasing public debate among policymakers on the future of Medicaid. Many adult day services rely on public and government funding to finance their operation, and a block grant program could cap federal funding, making it more difficult for these programs to gain access to this funding. This will be an important trend to monitor.

⁷ "About Adult Day Services," National Adult Day Services Association, <https://www.nadsa.org/learn-more/about-adult-day-services> (as of February 2020).

⁸ "Person-Centered Adult Day Programs," Leading Age, <https://www.leadingage.org/magazine/may-june-2019/Person-Centered-Adult-Day-Programs-V9N3> (May 21, 2019).



Key terms to know

USE THIS	DON'T USE THIS
He is a person with a disability	He is disabled/handicapped
She has a mental health problem or challenge	She is mentally ill/emotionally disturbed/psycho/insane/lunatic
He has an intellectual disability	He is retarded
She has autism	She is autistic
Person with dementia/Alzheimer's	Patient with dementia/Alzheimer's; sufferer; victim; demented person; senile
Older adults; seniors; elders	Old people; elderly people
Adult day services	Adult day care

Activities of daily living (ADLs) — Daily activities one must perform to fundamentally care for oneself and become independent. Ability or inability to perform ADLs are used as a way of measuring an individual's functional status. May be divided into BADLs (basic ADLs: hygiene, showering, toileting, etc.) and IADLs (instrumental activities of daily living — money and medication management, housekeeping, etc.)⁹

Case management — A service where needs are assessed; services are arranged, coordinated and monitored; and client preferences are advocated for within the context of a clinical treatment plan.¹⁰

Certified Nursing Assistant (CNA) — A CNA, under the supervision of a Registered Nurse (RN) or a Licensed Practical Nurse (LPN), helps patients or clients with basic health care needs; typically assists with ADLs.¹¹

Developmental disability (DD) — Refers to a severe chronic disability of an individual which is caused by a mental or physical impairment or a combination of mental and physical impairments, including Down syndrome; is displayed before an individual reaches age 22; is likely to continue indefinitely; and results in substantial functional limitations in three or more of the major life activity areas.^{12, 13}

Home- and Community-Based Services (HCBS) — Home- and Community-Based Services refers to the array of services that are essential and appropriate to sustain individuals in their homes and communities, and to delay or prevent institutional care.¹⁴

Intellectual disability — A condition diagnosed by age 18 and characterized both by a significantly below-average score on a test of mental ability or intelligence and by limitations in the ability to function in areas of daily life such as communication, self-care, and getting along in social situations and school activities.¹⁵



Key terms to know (cont'd)

USE THIS	DON'T USE THIS
He is a person with a disability	He is disabled/handicapped
She has a mental health problem or challenge	She is mentally ill/emotionally disturbed/psycho/insane/lunatic
He has an intellectual disability	He is retarded
She has autism	She is autistic
Person with dementia/Alzheimer's	Patient with dementia/Alzheimer's; sufferer; victim; demented person; senile
Older adults; seniors; elders	Old people; elderly people
Adult day services	Adult day care

Occupational therapy (OT) — Occupational therapy involves the assessment of an individual's physical state and capabilities. The goal is to maintain the patient's maximum degree of independence, given that person's current limitations. Following a thorough assessment of the patient and that patient's surroundings in the home (whether their own or a facility of some kind), the Occupational Therapist will recommend, if need be, specialized equipment (e.g., a wheelchair, cane, walker) or training (such as driver rehabilitation) that will benefit the patient.¹¹

⁹ "Activities of Daily Living (ADLs)," SeniorLiving.org, <https://www.seniorliving.org/caregiving/activities-of-daily-living> (updated as of February 2020).

¹⁰ "What Is a Case Manager?" Case Management Society of America, <http://www.cmsa.org/who-we-are/what-is-a-case-manager>.

¹¹ "Glossary of Senior Care Terms," The Senior List, <https://www.theseniorlist.com/glossary-senior-care-terms>.

¹² "Diagnosing Intellectual Disability," State of North Dakota website, <https://www.nd.gov/dhs/info/testimony/2017-2018-interim/health-services/2017-10-24-handout-diagnosing-id-definition-dev-dis.pdf>.

¹³ "The Difference Between Intellectual and Developmental Disabilities," Family Service Foundation, <https://www.fsinc.org/blog/fsf-blog/the-difference-between-an-intellectual-and-developmental-disability>.

¹⁴ "Home & Community-Based Services 1915(c)," Medicaid.gov, <https://www.medicaid.gov/medicaid/home-community-based-services/home-community-based-services-authorities/home-community-based-services-1915c/index.html>.

¹⁵ "Definition of Intellectual Disability," American Association on Intellectual and Developmental Disabilities, <http://aaidd.org/intellectual-disability/definition#.WmdVkWc2Dx4>.



Relevant rules and regulations

These are the main laws and regulations currently governing adult day services centers.

Americans with Disabilities Act (ADA) — The Americans with Disabilities Act (ADA) prohibits discrimination against people with disabilities in several areas, including employment, transportation, public accommodations, communications and access to state and local government programs and services.¹⁶

Affordable Care Act (ACA) — Also known as the Patient Protection and Affordable Care Act. Federal legislation signed into law in March 2010 that included a provision for states to expand the Medicaid program along with implementing other health-related provisions.¹⁷

Older Americans Act (OAA) — The Older Americans Act as amended in 2016 provides federal funding for services to older persons, especially those who are low-income, socially needy, frail, or minority persons. Among the services offered are caregiver services, elderly nutrition services, supportive services, Long-Term Care Ombudsman program, Vulnerable Adult Protective Services, and the Aging and Disability Resource-LINK.¹⁷



State-by-state licensing and regulation

The majority of states regulate adult day services through licensure or certification (2014): 26 states require licensure only, 10 require certification only, four require both licensure and certification, and 11 do not require licensure or certification but must meet certain contractual requirements to receive public funding.¹⁸

For more information about state-by-state requirements for adult day centers, please visit the ASPE site provided by the U.S. Department of Health & Human Services: <https://aspe.hhs.gov/basic-report/regulatory-review-adult-day-services-final-report-2014-edition>

¹⁶ "Americans with Disabilities Act," U.S. Department of Labor, <https://www.dol.gov/general/topic/disability/ada>.

¹⁷ "Glossary of Human Services Terms and Acronyms," North Dakota Department of Human Services, <https://www.nd.gov/dhs/info/pubs/docs/dhs-glossary-of-terms-acronyms.pdf> (2017).

¹⁸ "Regulatory Review of Adult Day Services: Final Report, 2014 Edition," U.S. Department of Health and Human Services, Assistant Secretary for Planning and Evaluation, <https://aspe.hhs.gov/basic-report/regulatory-review-adult-day-services-final-report-2014-edition> (December 2014).



Exposures to recognize

The current and emerging exposures for adult day services facilities include:

- Liabilities related to pet therapy, intergenerational programming, and other services and amenities the facilities offer
- Abuse and molestation of vulnerable populations
- Medication and nutrition management
- Security measures, particularly for dementia clients

Be sure to consider exposures based on the level of care: Type A equates to “immediate risk to health, safety or personal rights of clients”; Type B equates to “left uncorrected may become an immediate risk.”



Get more information

To learn more about adult day centers, refer to the following associations and conferences.

Associations and organizations:

- [National Adult Day Services Association >>](#)
- [National Caregivers Library >>](#)

Conferences:

- [National Adult Day Services Conference >>](#)
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Helpful resources and materials

These resources and materials will help you write coverage for adult day services centers. Please contact your underwriter to get access to any of the documents.

Resources

- Human services new business supplemental application
- Human services automobile supplemental application
- OthersFirst property enhancements coverage forms:
- Property enhancement forms: human services property endorsement; human services workplace violence loss of income endorsement; human services enhancement endorsement
- Liability enhancement forms: human services workplace violence loss of income endorsement

Loss control and claims materials

- 15-passenger van backing and rollover
 - Preventing slips and falls
 - Scalding-thermal shock
 - Sexual abuse and molestation
 - Special needs transportation
 - Passenger van backing and rollover
 - Cyber liability and Norton partnership
 - Employee screening (background checks, drug tests)
 - Non-owned auto
 - Water damages
 - Food allergens
-



Loss control and claims materials are available to Nationwide policyholders at [MyLossControlServices.com](https://www.mylowcontrolservices.com).



Get started

Before writing coverage for adult day centers and services, find out the following about the provider.

These factors will be considered for eligibility:

- Age of property and strength of maintenance programs
 - Appropriate staff-to-client ratio based on level of care, including developmental disabilities
 - Staff-to-client ratio's and licenses' compliance with state regulations
 - Whether care is primarily ambulatory or nonambulatory
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For more information on how we can help protect adult day centers and services, contact your underwriter.