

Annual Report on Use of Funds to Purchase Inpatient Alcohol and Substance Use Disorder Treatment Services

Session Law 2020-78, Section 4E.2



Report to

**Joint Legislative Oversight Committee on
Health and Human Services**

and

Fiscal Research Division

by

**North Carolina
Department of Health and Human Services**

September 1, 2023

Pursuant to Session Law 2020-78, as shown below, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Use Services, shall report annually, beginning September 1, 2020, and ending on September 1, 2026, on the implementation of the use of funds to purchase inpatient alcohol and substance use disorder treatment services for the prior fiscal year and the two preceding fiscal years to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division. **The purpose of this report is to satisfy this reporting requirement for the use of funds to purchase inpatient alcohol and substance use disorder treatment services for state fiscal years 2021, 2022, and 2023.**

“Session Law 2020-78. Report on the use of funds to purchase inpatient alcohol and substance use disorder treatment services; Section 4E.2.

The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall report annually, beginning September 1, 2020, and ending on September 1, 2026, on the implementation of the use of funds to purchase inpatient alcohol and substance use disorder treatment services required by Section 12F.12 of S.L. 2015-241, as amended by Section 11F.4 of S.L. 2017-57. The report shall be submitted to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division with the following information for the prior fiscal year and the two preceding fiscal years, for each Alcohol and Drug Abuse Treatment Center (ADATC):

- (1) The number of beds in operation.
- (2) The number of bed days.
- (3) The total amount of receipts, the amount of those receipts that were received from local management entities/managed care organizations, and the amount of those receipts that were received from all other sources.
- (4) Cost of operation of the ADATC, with personnel and staffing costs reported separately from all other costs.
- (5) The ADATCs profit or loss.”

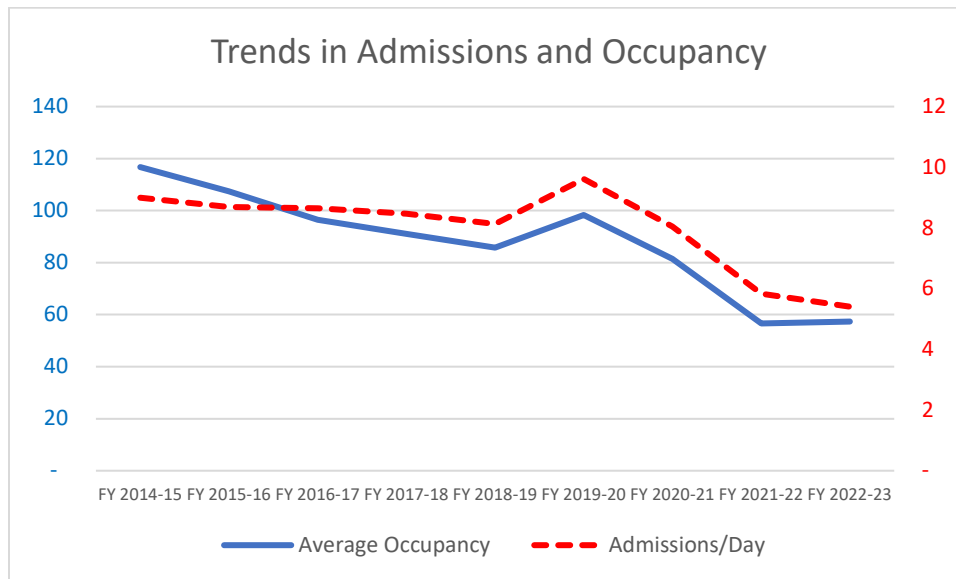
According to the most recent data available (2021), an estimated 833,900 persons ages 0-64 were uninsured in North Carolina ([Distribution of the Nonelderly Uninsured by Age \(CPS\)](#)). From 2000-2022, more than 36,000 North Carolinians lost their lives due to unintentional drug overdose. While there was initially a decrease in medicine and drug overdose emergency department visits from 2017 to 2018, there was a resurgence of overdoses beginning in 2020. The North Carolina Department of Health and Human Services (NC DHHS) attributed this to an increase in addiction, more use of substances, and as a result, more overdose deaths (<https://www.ncdhhs.gov/opioid-and-substance-use-action-plan-data-dashboard>).

In December 2022, it was announced that as a part of a shared commitment to behavioral health and the well-being of children and families, NC DHHS and UNC Health would partner to convert the R.J. Blackley Alcohol and Drug Abuse Treatment Center (ADATC) in Butner, N.C. into a 54-bed inpatient psychiatric hospital for children and adolescents. Commensurately, Session Law 2023-3 Senate Bill 115 was enacted on March 10, 2023, to create a Certificate of Need (CON) exemption for the former R.J. Blackley (RJB) facility to be converted into a

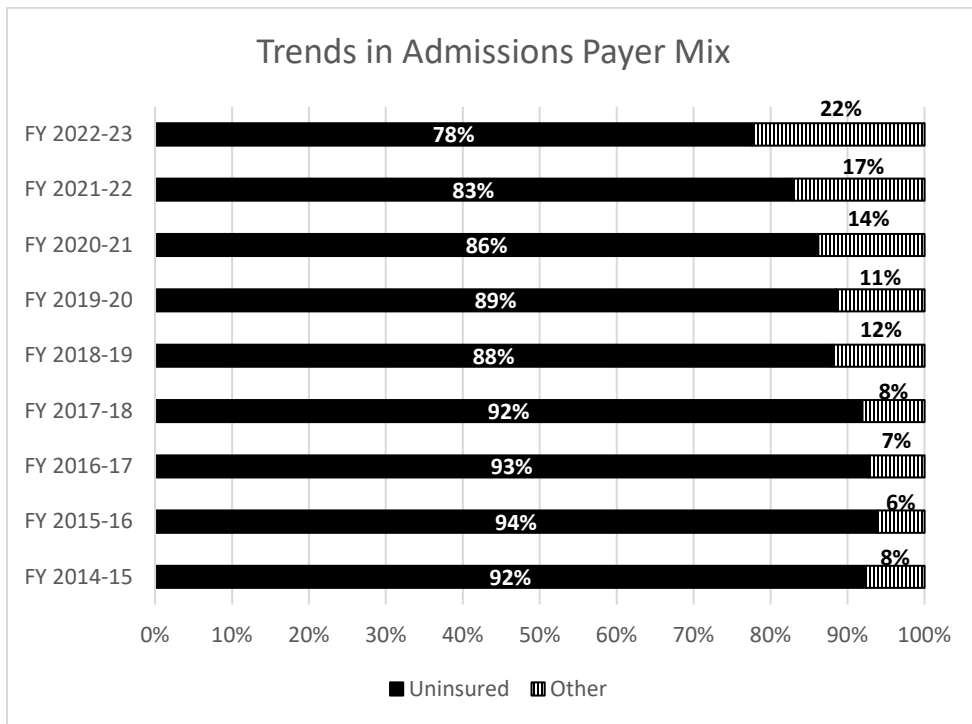
psychiatric hospital for children and adolescents, and to remove RJB from the facility closure requirements of G.S. 122C-181. The central region counties have subsequently been divided between the Walter B. Jones and Julian F. Keith ADATCs as both continue to provide inpatient alcohol and substance use disorder (SUD) treatment and specialized inpatient Opioid Treatment Programs (OTPs), as well as outpatient services, which include Medications for Opioid Use Disorder (MOUD) options.

NC DHHS’ Division of State Operated Healthcare Facilities (DSOHF) and the ADATC team spent most of SFY 23 developing the ADATC Business Model, which focuses on expanding the service array at each ADATC, implementing market-based staffing, attracting increased referrals from all payer types, and ensuring capacity to maximize billing and revenue cycle management. This Business Model is an opportunity to enhance the collaborative partnerships with other departments, providers, and the LME/MCOs and to identify areas for improving the SUD continuum of care in NC. The ADATCs will continue the provision of inpatient and outpatient services and Medicaid expansion will reduce potential gaps in services for those individuals with the highest acuity and treatment needs and will also bring additional receipts into the ADATCs. The ADATCs are currently prioritizing recruitment and retention efforts to reduce vacancies and increase beds available across the state.

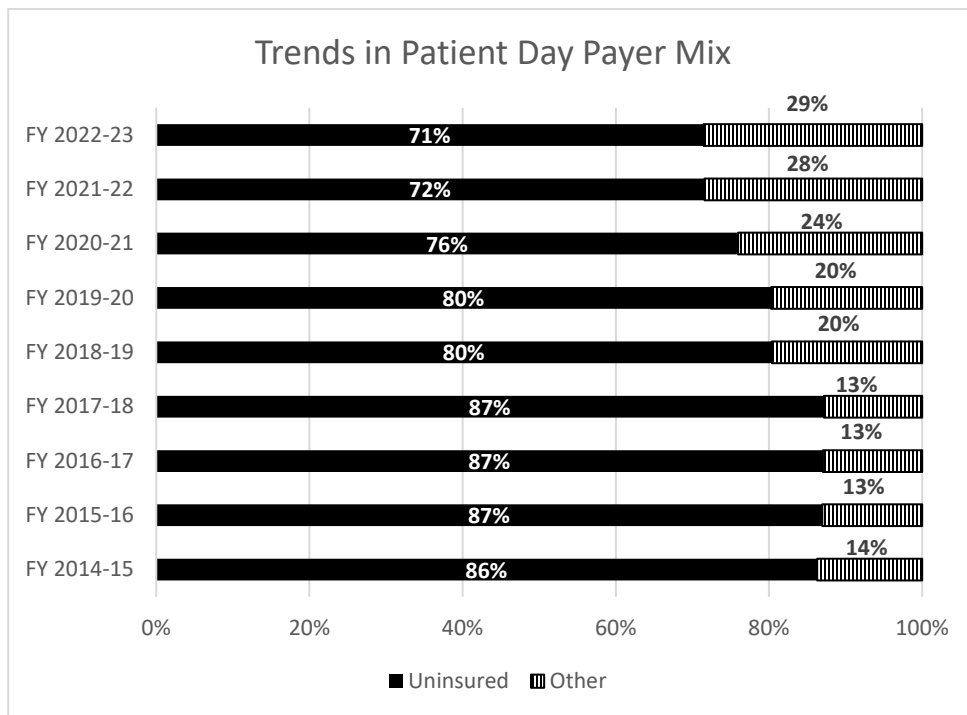
In SFY 23, 77.6% of all patients admitted were uninsured and 71.5% of patient days were uninsured/self-pay. The following chart reflects the trends in admissions per day and average occupancy at the ADATCs:



The patients admitted to the ADATCs have increasingly been covered by funding sources other than the allocation to the LME/MCOs. This is reflected in the charts below:



Patient Days have reflected similar trends in admissions as reflected in the chart below:



The “Other” category includes individuals with Medicare, Commercial Insurance and Medicaid. The table to the right represents the trends in % of those covered by Medicaid and non-Medicaid plans. Individuals identified as having 3rd party coverage, other than Medicaid, may not have MH/SA benefits covered, could be out-of-network, could have out-of-state coverage, or could have exhausted benefits for inpatient services and may end up being self-pay when admitted to an ADATC.

	Third Party	Medicaid
FY 2014-15	7.2%	0.4%
FY 2015-16	5.5%	0.6%
FY 2016-17	6.7%	0.6%
FY 2017-18	6.9%	1.1%
FY 2018-19	6.3%	5.7%
FY 2019-20	5.2%	6.3%
FY 2020-21	5.1%	8.7%
FY 2021-22	6.0%	11.2%
FY 2022-23	8.2%	14.2%

(1) The number of beds in operation.

The number of beds in operation is defined as the total number of beds that are currently staffed on the last day of the month. This is captured monthly, at a point in time and averaged across the 12 months in the state fiscal year.

Operational Beds			
ADATC	SFY21	SFY22	SFY23
JFK	54	41	43
RJB	40	37	20*
WBJ	48	40	42

*RJB closed 2/28/23.

(2) The number of bed days.

A bed day is a day during which a patient is admitted and stays overnight at the ADATC. The total number of bed days is inclusive of all ADATC services provided during the admission.

Bed Days			
ADATC	SFY21	SFY22	SFY23
JFK	16,315	13,417	14,390
RJB	10,646	7,861	3,525*
WBJ	12,179	7,592	9,706

*RJB closed 2/28/23.

(3) The total amount of receipts, the amount of those receipts that were received from local management entities/managed care organizations, and the amount of those receipts that were received from all other sources as reported in the BD701.

Total Amount of Receipts									
SFY	SFY21**			SFY22***			SFY23^		
ADATC	LME/MCO	Other*	Total	LME/MCO	Other*	Total	LME/MCO	Other*	Total
JFK	\$13,203,844	\$3,032,632	\$16,236,476	\$13,531,868	\$3,111,765	\$16,643,633	\$14,224,042	\$2,540,545	\$16,764,587
RJB^^	\$9,991,669	\$3,532,683	\$13,524,352	\$6,963,294	\$1,632,075	\$8,595,370	\$5,630,457	\$982,214	\$6,612,671
WBJ	\$11,695,497	\$1,308,750	\$13,004,248	\$6,363,332	\$1,101,506	\$7,464,838	\$11,910,637	\$2,620,617	\$14,531,254

*Other includes self-pay/government benefits, third party, Medicare, non-Medicaid, Medicaid and non-patient receipts.

**Receipts were updated to reflect totals reported in the closing BD701.

*** SFY22 accounting records were not closed at the time of this report submission. The total includes receipts reported in the July 2022 BD701.

^SFY23 data from BD701 for the period ending date June 29, 2023.

^^RJB closed 2/28/23.

(4) Cost of operation of the ADATC, with personnel and staffing costs reported separately from all other costs.

The total operating costs are inclusive of personnel and staffing services and non-salary expenditures.

Cost of Operation									
SFY	SFY21*			SFY22**			SFY23^		
ADATC	Personnel & Staff Expenses	All Other Expenses	Total Operating Costs	Personnel & Staff Expenses	All Other Expenses	Total Operating Costs	Personnel & Staff Expenses	All Other Expenses	Total Operating Costs
JFK	\$16,867,782	\$3,873,896	\$20,741,678	\$15,426,405	\$3,806,274	\$19,232,679	\$19,135,259	\$2,298,465	\$21,433,723
RJB^^	\$13,451,222	\$6,024,116	\$19,475,338	\$12,267,967	\$6,698,109	\$18,966,075	\$10,776,613	\$1,312,419	\$12,089,032
WBJ	\$14,481,743	\$7,504,044	\$21,985,787	\$11,758,224	\$7,628,695	\$19,386,919	\$18,343,146	\$2,111,970	\$20,455,116

*Costs of Operation were updated to reflect totals reported in the closing BD701.

**SFY22 accounting records were not closed at the time of this report submission. The total includes costs reported in the July 2023 BD701.

^SFY23 data from BD701 for the period ending date June 29, 2023.

^^RJB closed 2/28/23

(5) The ADATCs profit or loss.

The profit or loss is derived from deducting the total expenditures from the total revenues (with accrual).

Profit or Loss			
ADATC	SFY21*	SFY22**	SFY23^
JFK	(\$4,505,202)	(\$2,589,046)	(\$4,669,137)
RJB^^	(\$5,950,986)	(\$10,370,705)	(\$5,476,361)
WBJ	(\$8,981,539)	(\$11,922,081)	(\$5,923,862)

*Profit or loss was updated to reflect totals reported in the closing BD701.

**SFY22 accounting records were not closed at the time of this report submission. The total includes profit or loss reported in the July 2023 BD701.

^SFY23 data from BD701 for the period ending date June 29, 2023.

^^RJB closed 2/28/23.