

**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

NC Department of Health and Human Services

September 13, 2024

Background

Per Section 4E.2 of Session Law 2020-78, the Department of Health and Human 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.”

Report Findings

The two Alcohol and Drug Abuse Treatment Centers (ADATCs) operated by the Division of State Operated Healthcare Facilities (DSOHF) continued implementing their business model, focusing on:

1. Assessing expansion of existing services
2. Enhancing referral relationships to increase ADATC utilization
3. Identifying rapid access admission points to expedite referrals and increase throughput

Recent improvements included redesigning the public ADATC website for better user experience and refining the Regional Referral Form (RRF) into an electronic, fillable template. And key developments included:

- Walter B. Jones ADATC (WBJ) received approval from the Centers for Medicare and Medicaid (CMS) and the North Carolina Division of Health Service Regulation (DHSR) to add 24 beds from Woodside Treatment Center to Lakeside Psychiatric Hospital.
- Julian F. Keith ADATC (JFK) integrated outpatient peer support services into inpatient treatment.

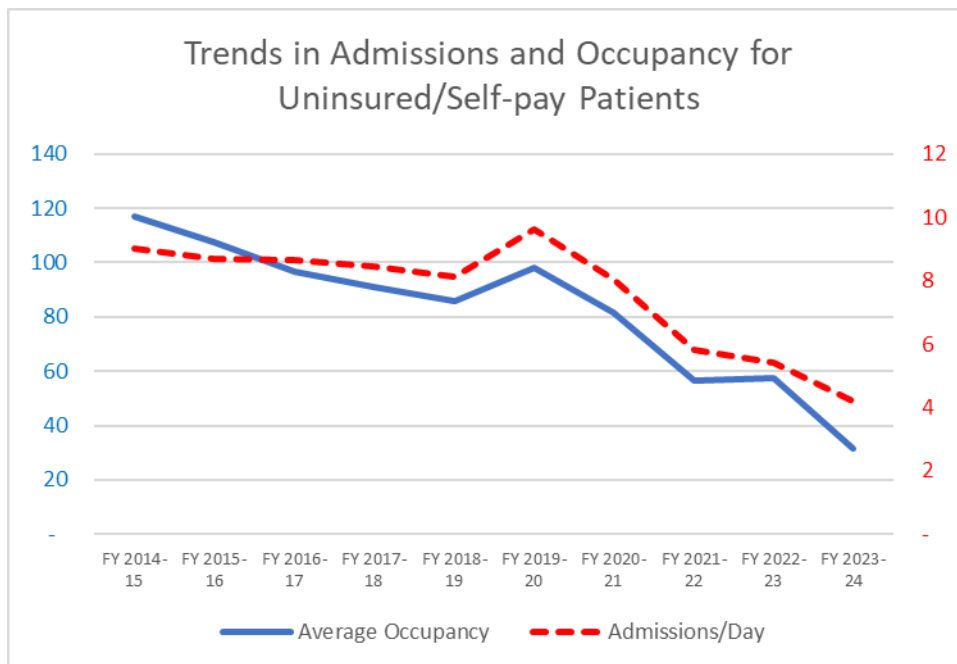
In addition, Medicaid expansion greatly benefited high-acuity patients and increased ADATC receipts. ADATC staff continue to work diligently to identify potentially eligible patients (265 through June) and initiate applications with those patients that are interested (205 through June). A total of 72 patients have been approved for Medicaid since expansion go-live as of the end of June. Due at least partially to Medicaid expansion, JFK turned a profit of \$942,945 and WBJ reduced their loss by \$2,449,236 compared to last fiscal year. However, the ADATCs' 100% receipt-supported status prevents using over-realized receipts to fund additional positions to open new beds. Local Management Entities/Managed Care Organizations (LME/MCOs) continue utilizing ADATCs at similar rates as they did in the last quarter of SFY 22-23.

Ongoing efforts for the two public ADATCs include:

- Addressing staffing challenges through recruitment and retention initiatives.
- Presenting at statewide conferences in order to increase awareness of ADATC services.
- Contributing to the Electronic Health Record development to improve efficiency and patient care.

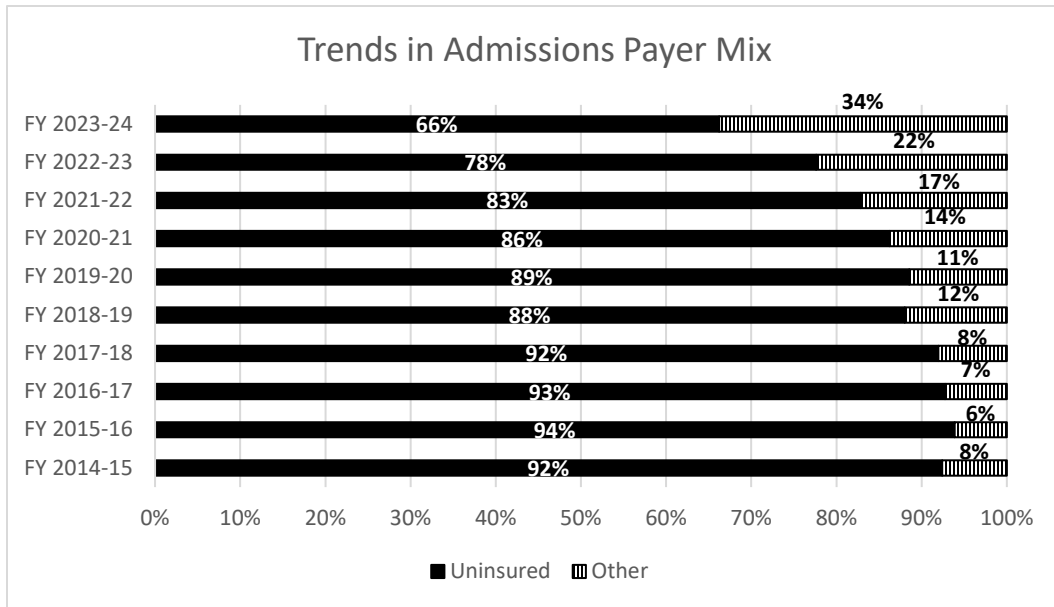
In SFY 23-24, 66.2% of all patients admitted were uninsured and 47.3% of patient days were uninsured/self-pay. Figure 1 reflects the trends in admissions per day and average occupancy at the ADATCs for uninsured/self-pay patients:

Figure 1: Trends in Admission and Occupancy for Uninsured/Self-pay Patients



Due in part to Medicaid expansion and becoming an in-network provider with commercial insurance, the patients admitted to the ADATCs have increasingly been covered by funding sources other than the allocation to the LME/MCOs. The “Other” category includes individuals with Medicare, Medicaid or commercial insurance. This is reflected in Figure 2 below:

Figure 2: Trends in Admission Payer Mix



Patient Days have reflected similar trends in admissions as reflected in Figure 3 below:

Figure 3: Trends in Patient Day Payer Mix

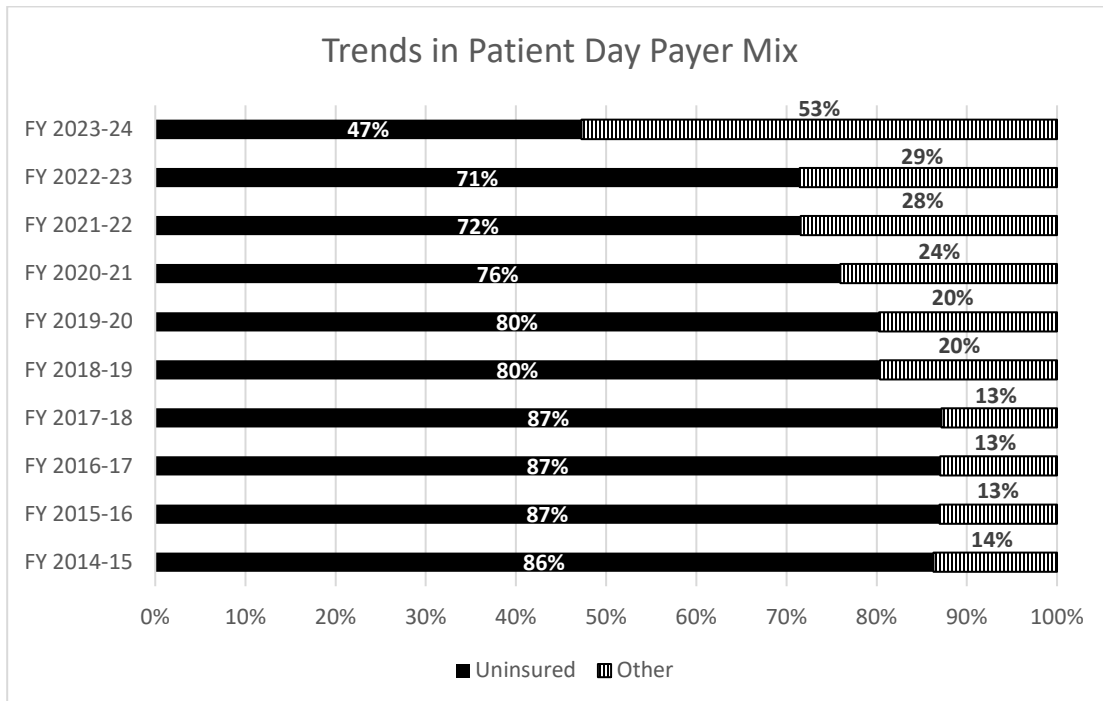


Figure 4 presents the trends in % of those covered by Medicaid and non-Medicaid plans. Individuals identified as having 3rd party coverage, other than Medicaid, may not have MH/SA benefits covered, could be out-of-network, could have out-of-state coverage, or could have exhausted benefits for inpatient services and may end up being self-pay when admitted to an ADATC.

Figure 4: Trends in Patients with Coverage

Trends in Patients with Coverage		
	<i>Third Party</i>	<i>Medicaid</i>
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%
FY 2023-24	10.9%	22.8%

(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	SFY22	SFY23	SFY24
JFK	41	43	59
RJB*	37	20	N/A
WBJ	40	42	35

*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.

Beds Days			
ADATC	SFY22	SFY23	SFY24
JFK	13,417	14,390	15,871
RJB*	7,861	3,525	N/A
WBJ	7,592	9,706	8,587

*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	SFY22**			SFY23^			SFY24#		
ADATC	LME/MCO	Other*	Total	LME/MCO	Other*	Total	LME/MCO	Other*	Total
JFK	\$13,531,868	\$3,111,765	\$16,643,633	\$14,224,042	\$2,540,545	\$16,764,587	\$16,489,290.99	\$7,787,255.53	\$24,276,546.52
RJB^^	\$6,963,294	\$1,632,075	\$8,595,370	\$5,630,457	\$982,214	\$6,612,671	N/A	N/A	N/A
WBJ	\$6,363,332	\$1,101,506	\$7,464,838	\$11,910,637	\$2,620,617	\$14,531,254	\$7,662,708.34##	\$4,734,911.04	\$12,397,619.38

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

**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

#SFY24 data from BD701 for the period ending date June 2024.

##Trillium LME/MCO has an outstanding balance of \$3,770,218.42 (\$3,758,283.18 in monthly payments from their non-UCR funds and \$11,935.24 from excess days).

(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	SFY22*			SFY23^			SFY24#		
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	\$14,740,740.39	\$8,592,860.93	\$23,333,601.32
RJB^^	\$12,267,967	\$6,698,109	\$18,966,075	\$10,776,613	\$1,312,419	\$12,089,032	N/A	N/A	N/A
WBJ	\$14,481,743	\$7,504,044	\$21,985,787	\$11,758,224	\$7,628,695	\$19,386,919	\$11,904,351.49	\$7,738,112.45	\$19,642,463.94

*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

#SFY24 data from BD701 for the period ending date June 2024.

(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	SFY22*	SFY23^	SFY24#
JFK	(\$2,589,046)	(\$4,669,137)	\$942,945
RJB^^	(\$10,370,705)	(\$5,476,361)	N/A
WBJ	(\$11,922,081)	(\$5,923,862)	(\$7,244,845)##

*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

#SFY24 data from BD701 for the period ending date June 2024.

##Upon receipt of Trillium funds due, loss will be (\$3,474,626).