

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**

August 29, 2025

Background

Pursuant to Session Law 2020-78, as shown below, 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 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 2023, 2024, 2025.**

“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.”

Key Developments

- Julian F. Keith (JFK) ADATC was heavily impacted by Hurricane Helene beginning on September 26, 2024. They discharged all patients that had a safe place to go to and transferred all Medication for Opioid Use Disorder (MOUD) patients to Walter B. Jones (WBJ) ADATC, leaving 6 patients still in-house. JFK worked with Broughton Hospital and the Division of State Operated Healthcare Facilities (DSOHF) to stand up a temporary unit at Broughton. The “JFK-Broughton” unit was operational for two months until operations resumed at JFK on December 2, 2024. Prior to Helene, JFK was in the process of streamlining their Admissions Units. Those efforts continued after returning to JFK and the new single Admission Unit is now up and running, helping with efficiencies and throughput.

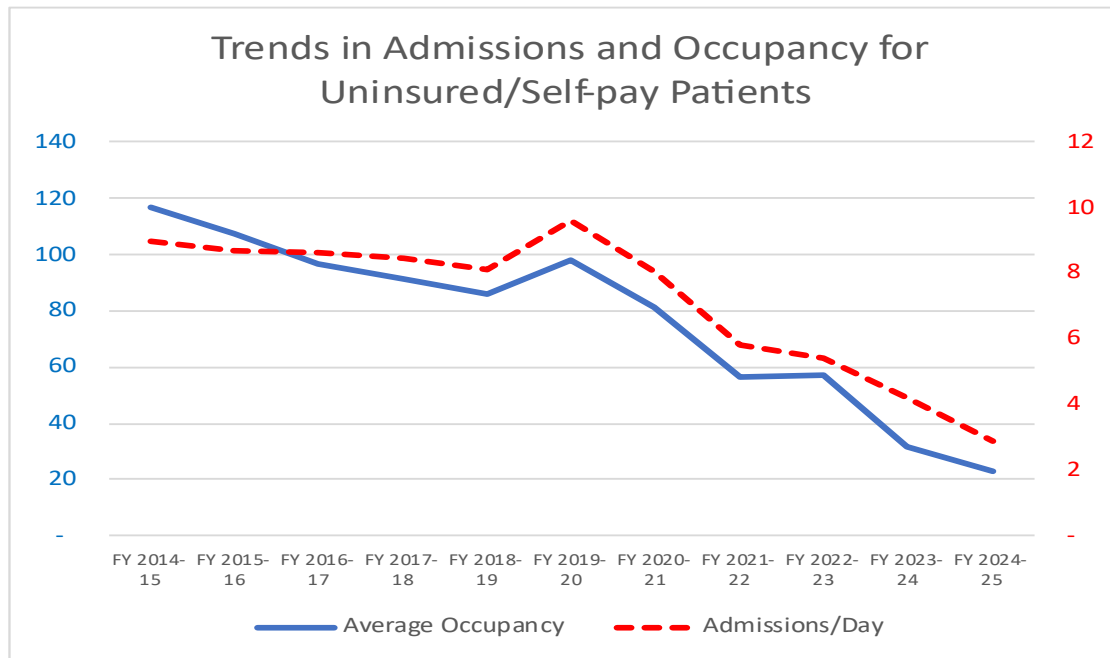
- WBJ reopened one of their Rehabilitation Units on August 5, 2024, adding 16 beds to their capacity. They further expanded capacity in September 2024 in order to accept JFK patients that were evacuated due to Hurricane Helene.

Medicaid expansion continues to greatly benefit high-acuity patients and increase ADATC receipts. Since November 1, 2023, ADATC staff have worked diligently to identify potentially eligible patients (559 through June 2025) and initiate applications with those patients that are interested (394 through June 2025). A total of 164 patients have been approved for Medicaid since expansion go-live as of the end of June 2025. Due at least partially to Medicaid expansion, both ADATCs turned a profit for SFY 25 (JFK \$7,554,377.26 and WBJ \$8,679,349.46). However, the ADATCs' 100% receipt-supported status prevents using over-realized receipts to fund additional positions to staff more beds. Local Management Entities/Managed Care Organizations (LME/MCOs) continue utilizing ADATCs at similar rates as they did during SFY 24.

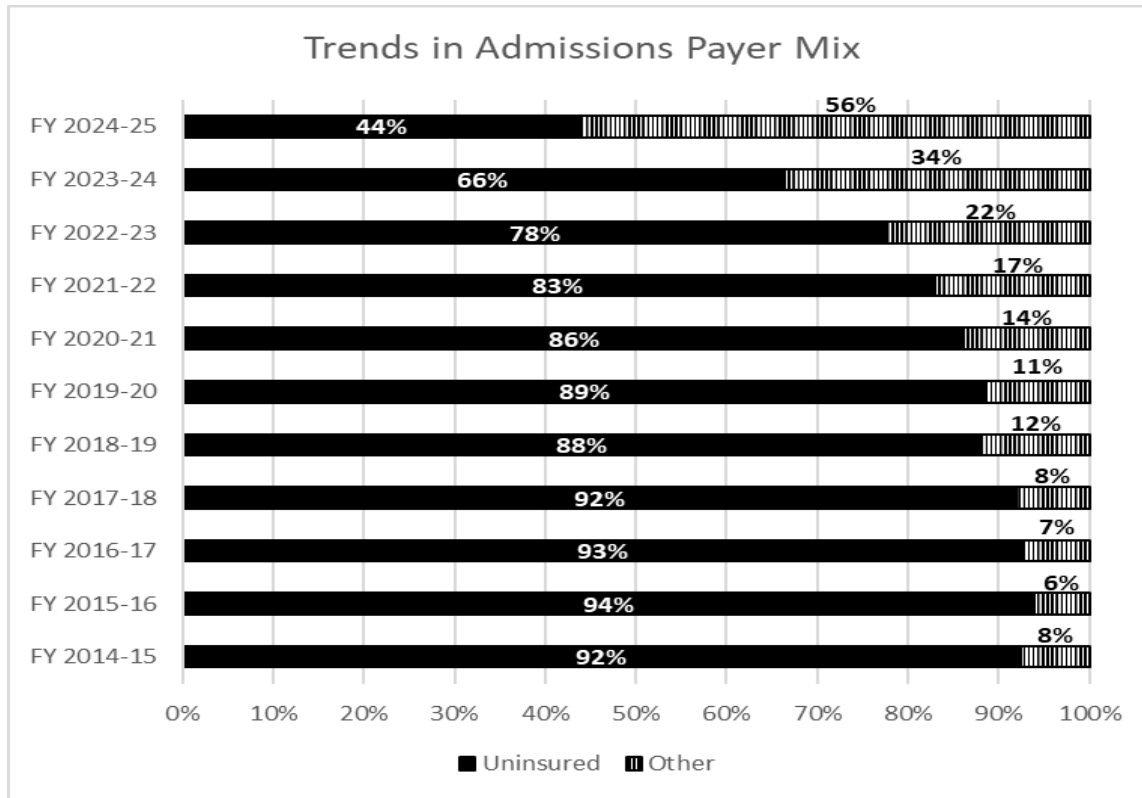
Ongoing Efforts

- Addressing staffing challenges through recruitment and retention initiatives
- Presenting at statewide conferences in order to increase awareness of ADATC services
- Contributing to the development of the eMerge/powered by Epic Electronic Health Record system to improve efficiency, data, and patient care (8/1/25 Epic Go-Live)

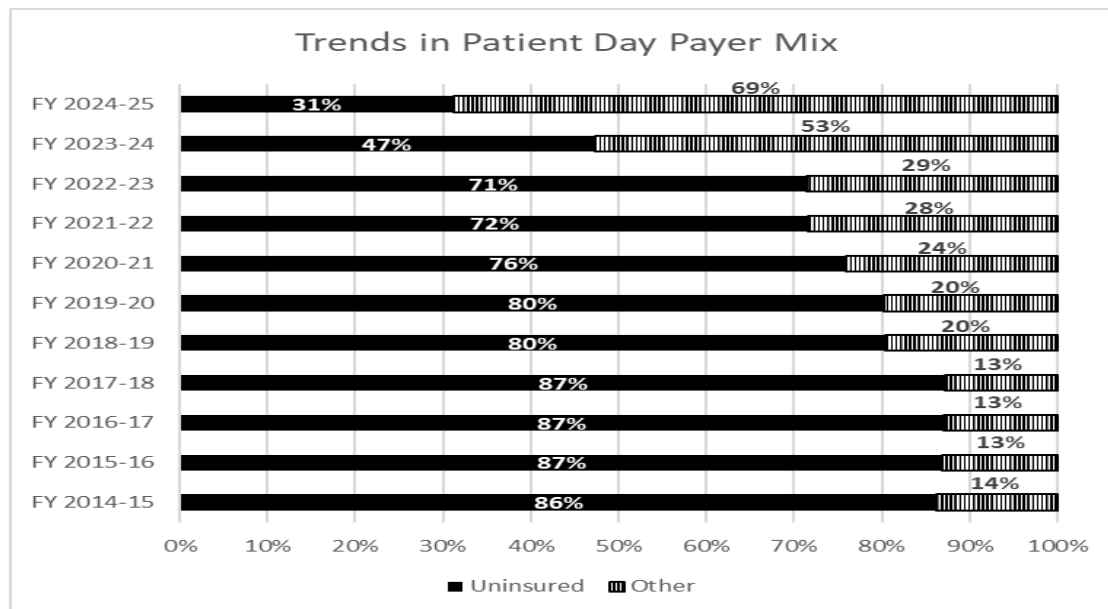
In SFY 25, 43.8% of all patients admitted were uninsured/self-pay and 31.2% of patient days were uninsured/self-pay. The following chart reflects the trends in admissions per day and average occupancy at the ADATCs for uninsured/self-pay patients:



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. This is reflected in the chart below:



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



The below chart 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.

	<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%
FY 2024-25	13.6%	42.6%

(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	SFY23	SFY24	SFY25
JFK	43	59	54**
RJB*	20	N/A	N/A
WBJ	42	35	45

* R.J. Blackley ADATC closed 2/28/23

**Impacted by Hurricane Helene

(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	SFY23	SFY24	SFY25
JFK	14,390	15,871	13,973**
RJB*	3,525	N/A	N/A
WBJ	9,706	8,587	13,082

*RJB closed 2/28/23

**Impacted by Hurricane Helene

(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	SFY23^			SFY24#			SFY25**&		
ADATC	LME/MCO	Other*	Total	LME/MCO	Other*	Total	LME/MCO	Other*	Total
JFK	\$14,224,042	\$2,540,545	\$16,764,587	\$16,489,290.99	\$7,787,255.53	\$24,276,546.52	\$16,405,052.11	\$12,514,096.00	\$28,919,148.11
RJB^^	\$5,630,457	\$982,214	\$6,612,671	N/A	N/A	N/A	N/A	N/A	N/A
WBJ	\$11,910,637	\$2,620,617	\$14,531,254	\$7,662,708.34###	\$4,734,911.04	\$12,397,619.38	\$17,860,380.44	\$11,584,446.79	\$29,444,827.23

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

^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 had 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).

**JFK impacted by Hurricane Helene

&SFY25 data from BD701 for the period ending date June 2025 pulled 7/29/25.

(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	SFY23^			SFY24#			SFY25**&		
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	\$15,426,405	\$3,806,274	\$19,232,679	\$14,740,740.39	\$8,592,860.93	\$23,333,601.32	\$14,961,647.82	\$6,428,591.35	\$21,390,239.17
RJB^^	\$10,776,613	\$1,312,419	\$12,089,032	N/A	N/A	N/A	N/A	N/A	N/A
WBJ	\$11,758,224	\$7,628,695	\$19,386,919	\$11,904,351.49	\$7,738,112.45	\$19,642,463.94	\$11,732,177.53	\$9,030,185.62	\$20,762,363.15

^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.

**JFK impacted by Hurricane Helene

&SFY25 data from BD701 for the period ending date June 2025 pulled 7/29/25.

(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	SFY23^	SFY24#	SFY25**&
JFK	(\$4,669,137)	\$942,945	\$7,528,908.94
RJB^^	(\$5,476,361)	N/A	N/A
WBJ	(\$5,923,862)	(\$7,244,845)##	\$8,682,464.08

^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). Trillium paid their balance in full in July 2024, so the funds were credited in FY 25.

**JFK impacted by Hurricane Helene

&SFY25 data from BD701 for the period ending date June 2025 pulled 7/29/25.