

## Freedom House Recovery Center in Chapel Hill: The Need for Stable State Funding

by Mebane Rash

A man undergoing substance abuse detoxification for heroin addiction groans as the drug works its way out of his system. A teenager's addiction to alcohol is treated in a chair where he may sit for 23 hours under medical observation because beds for adolescents who need long-term substance abuse treatment are few and far between in North Carolina. In another building, a 30-year-old woman sits in a half-way house crying with gratitude. After going through detox three times and being discharged back to the streets, she is ashamed of her struggle but thankful for the support she is finally getting to overcome her addiction. Here, she will learn basic living skills, get her first job, and find permanent housing. Recovery is about much more than being drug-free.

These life-altering services are provided at Freedom House Recovery Center in Chapel Hill,

a mental health provider for 37 years. Three years ago, Freedom House had built up almost \$1 million in cash reserves—enough to ensure adequate cash flow when the state's payments were delinquent.

But, those reserves were reduced as the economy tanked. Feeding their residential clients costs one-third more than it did a year ago due to the rising costs of groceries. Then, they had to reorganize as a Critical Access Behavioral Health Agency (or CABHA), the state's new designation for large providers of mental health services. This required having a full-time medical director on staff. And, the organization has suffered through three years of state budget cuts—cuts both to the services they can provide, and the amount they are paid

to provide them. Providers are feeling the effects of the economy, changes in state policy, and state budget cuts in a way that could undermine their ability to provide services going forward.

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As one of the state's best private providers of mental health services, Freedom House employs 252 people, and it served almost 10,000 mental health and substance abuse consumers in 2011. Their outcomes are better than both state and national outcomes. Clients who received long-term treatment at Freedom House were surveyed after 90 days and again after 180 days: 82 percent reported being drug or alcohol free, 62 percent had full- or part-time employment, 91 percent of those with prior involvement in the criminal justice system because of their addiction reported no criminal activity or charges, and 86 percent were living in permanent housing. It's an investment of state dollars that makes good business sense.





*Trish Hussey is the director of Freedom House.*

Yet Marvin Swartz of the Duke University School of Medicine notes that most provider organizations are already under financial strain with severe cash flow problems. Providers like Freedom House have had to ask themselves hard questions during the past several years. How will we make payroll? Should we cut services? In a speech in August 2012, Swartz cautioned that additional cash flow problems created by the transition to the federal Medicaid waiver could send provider organizations into insolvency.<sup>1</sup>

Trish Hussey, the executive director of Freedom House, says the transition to Cardinal Innovations, formerly Piedmont Behavioral Healthcare (PBH) and one of the new LME-MCOs, “has been a positive experience for us financially so far. They are paying quickly and efficiently for the services we provide, and this has made all of the difference in the world to us.” ☺☺



*Karen Tam*



## Endnote

<sup>1</sup> Marvin Swartz, “The Promise and Pitfalls of North Carolina’s Medicaid 1915 b/c Waiver Program,” N.C. Institute of Medicine, Annual Meeting on the Evolving Mental Health System, Aug. 23, 2012, Slide 11.