Enhancing Recovery Housing Financial Sustainability and Resiliency: Evidence and Tools from National Projects

Prepared by the RCORP-Rural Center of Excellence on SUD Recovery at the Fletcher Group

Fletcher Group Webinar Series – November 2025

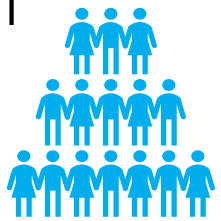
Rural Center of Excellence on SUD Recovery

RCORP

Rural Recovery House Best Practices

~ over **30** areas ~

- Start a Recovery House
- Social Model/Blended Model
- Recovery House Management
- Re-entry
- Overcoming Stigma/NIMBY
- Building Recovery Ecosystems
- Outcomes
- Community Engagement



- Sustainability/Funding
- Community Organizations
- OUD/MOUD
- Strategic Planning
- Recovery House Budgeting
- Social Model Training
- Workforce Development
- Recovery House Staffing

Over 3,000 TA encounters, to 667 clients & organizations, in 35 States!

Empowering rural communities with evidence-based resources that support their efforts in SUD PREVENTION, TREATMENT, and RECOVERY

Rural SUD Info Center

ruralsudinfo.org

SCAN to LEARN MORE

RCORP – Rural Center of Excellence on SUD Treatment

Center on Rural Addiction
UNIVERSITY OF VERMONT

Find us at:
www.uvmcora.org

RCORP – Rural Center of Excellence on SUD Prevention

UR MEDICINE
Recovery Center of Excellence

Find us at:
recoverycenterofexcellence.org

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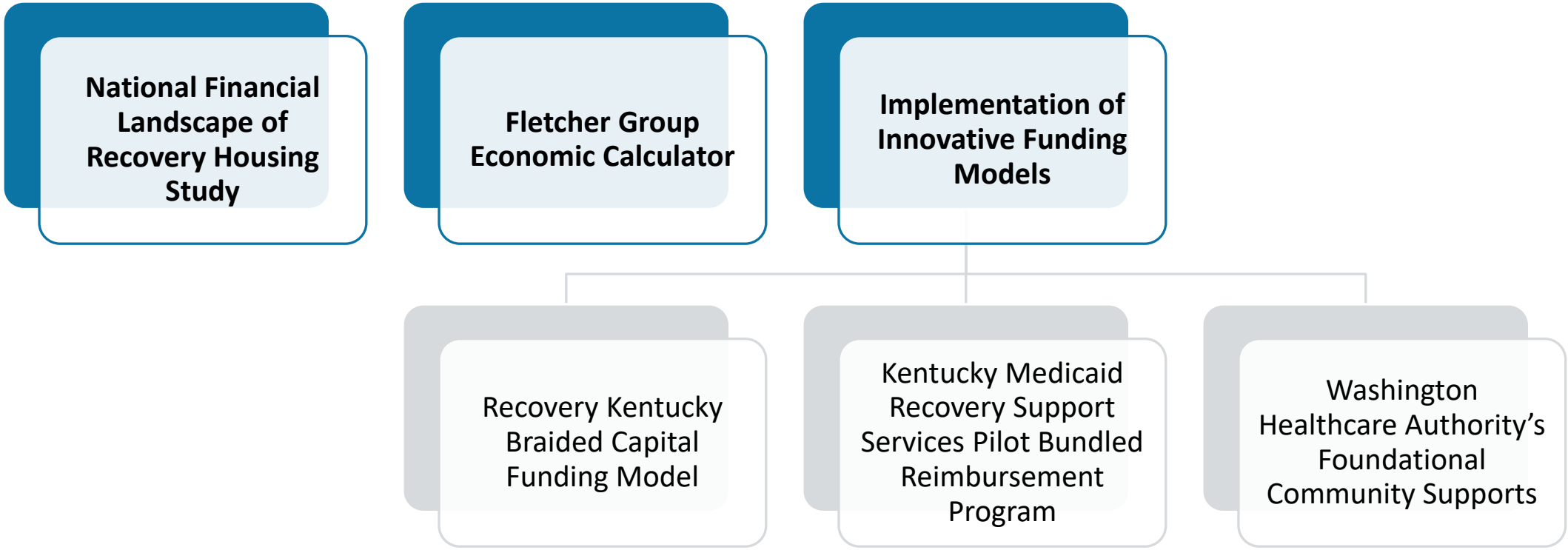
National Projects to Enhance Recovery Housing Sustainability



National Financial Landscape Study

Designed to inform financial planning and expansion efforts of recovery housing organizations by assessing

- Financial size of recovery residences
- Revenue sources
- Operating expenditures
- Financial resiliency
- Barrier to continued operation

Conducted in **19 states** in collaboration with NARR state affiliates

- Participating organizations offered a Fletcher Group Economic Calculator Report.

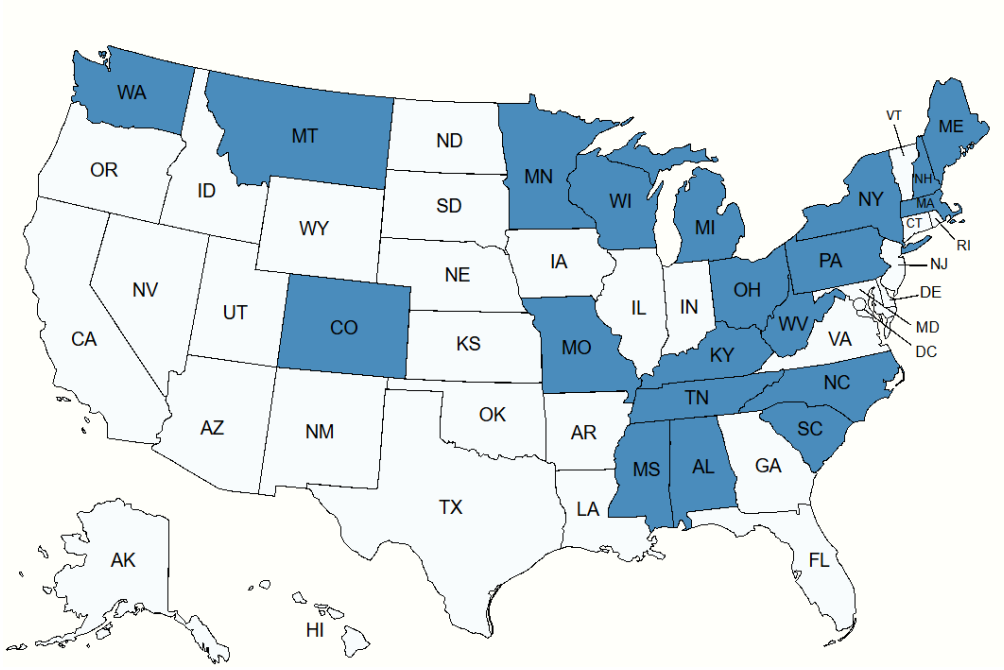


Figure 1. States that participated in the study, United States

Table 1. Characteristics of recovery residences surveyed

NARR Certification Level	Count (%)
Level 1	75 (5%)
Level 2	917 (62%)
Level 3	220 (15%)
Level 4	32 (2%)
Not NARR Certified	189 (13%)
Missing	50 (3%)
Geographic Location	**Count (%)**
Rural	257 (17%)
Urban	628 (42%)
Suburban	550 (37%)
Missing	48 (3%)
Residence Ownership	**Count (%)**
Rent	666 (45%)
Own	774 (52%)
Missing	43 (3%)

Who Participated?

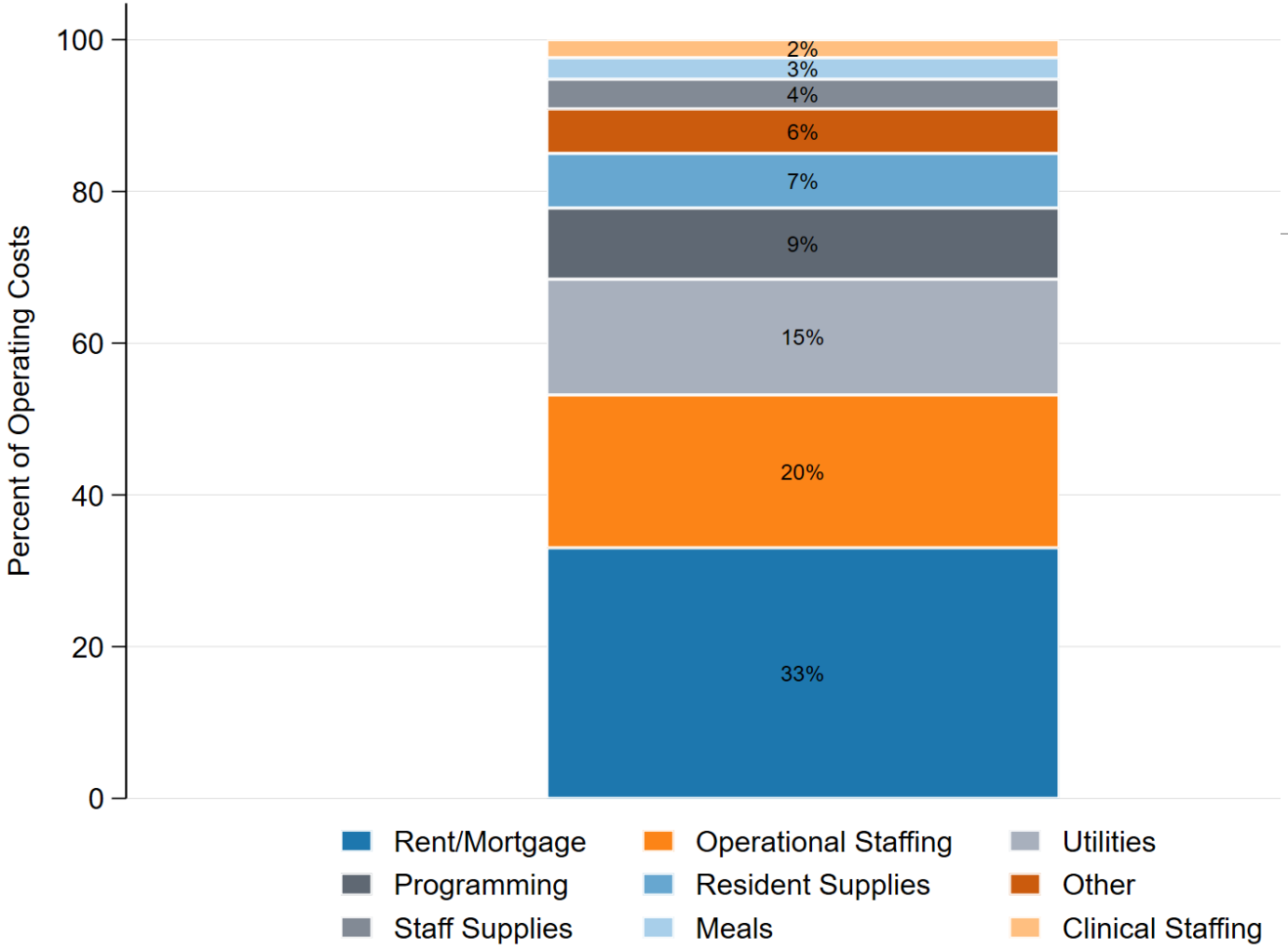
Sampling pool included recovery houses in 19 target states.

- 420 organizations representing 1,483 residences responded

Key organizational characteristics:

1. 61% operate multiple residences
2. 93% support MAT
3. 56% have a resident waitlist
4. 32% are for-profit organizations

Figure 2. Percent spent on different categories per resident served annually, United States (N = 351).

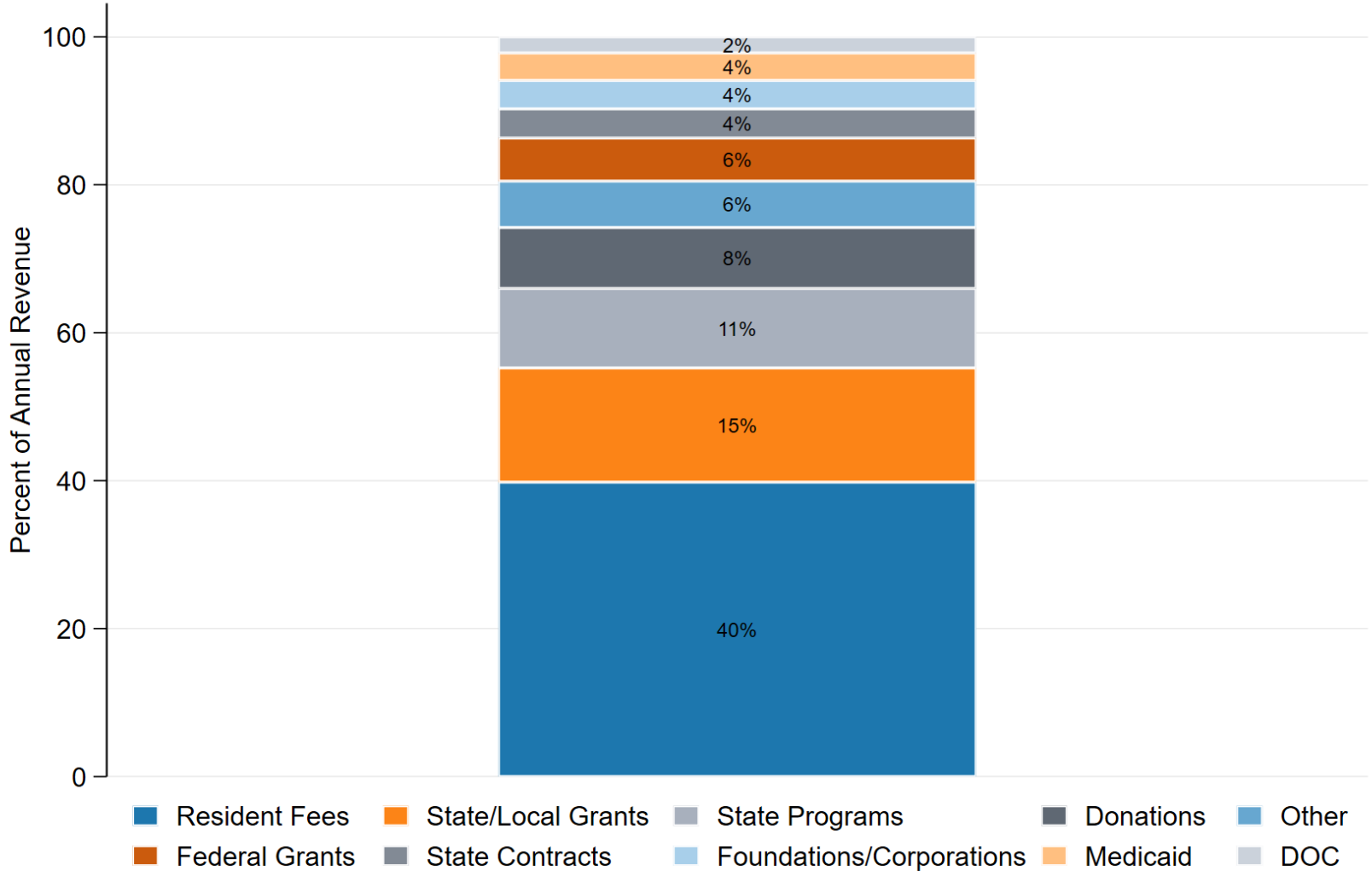


Annual Operating Costs

- Median annual operating cost: $169,000
  - Ranged: $1,500 to $20.5 million

- Median amount spent per resident served annually: $6,818
  - Per resident cost for orgs that operated **multiple** residences: $5,913
  - Per resident cost for orgs that operated **one** residence: $6,818

Figure 3. Percent of revenue from different sources (N = 398).



Revenue Sources and Expenditures

Ranking of challenges to continued operation with 1 representing the most significant barrier and 8 representing the least significant challenge (N = 369).

1. Financial Resources
2. Community Stigma
3. Resident Retention
4. Staffing Shortages
5. State Policies
6. Referrals
7. Federal Policies
8. COVID-19

Financial Resiliency

- 67% of organizations reported “financial resources” was most significant program barrier.
- On a scale from 1 to 10, programs ranked their financial resilience at **5.9 on average.**
- 40% of programs indicated they received 75% or more of their revenue from one source

Financial Resiliency

Highlights:

1. Perceived lack of community support and government partner support
2. Strong perception of resilience and ability to learn from experience

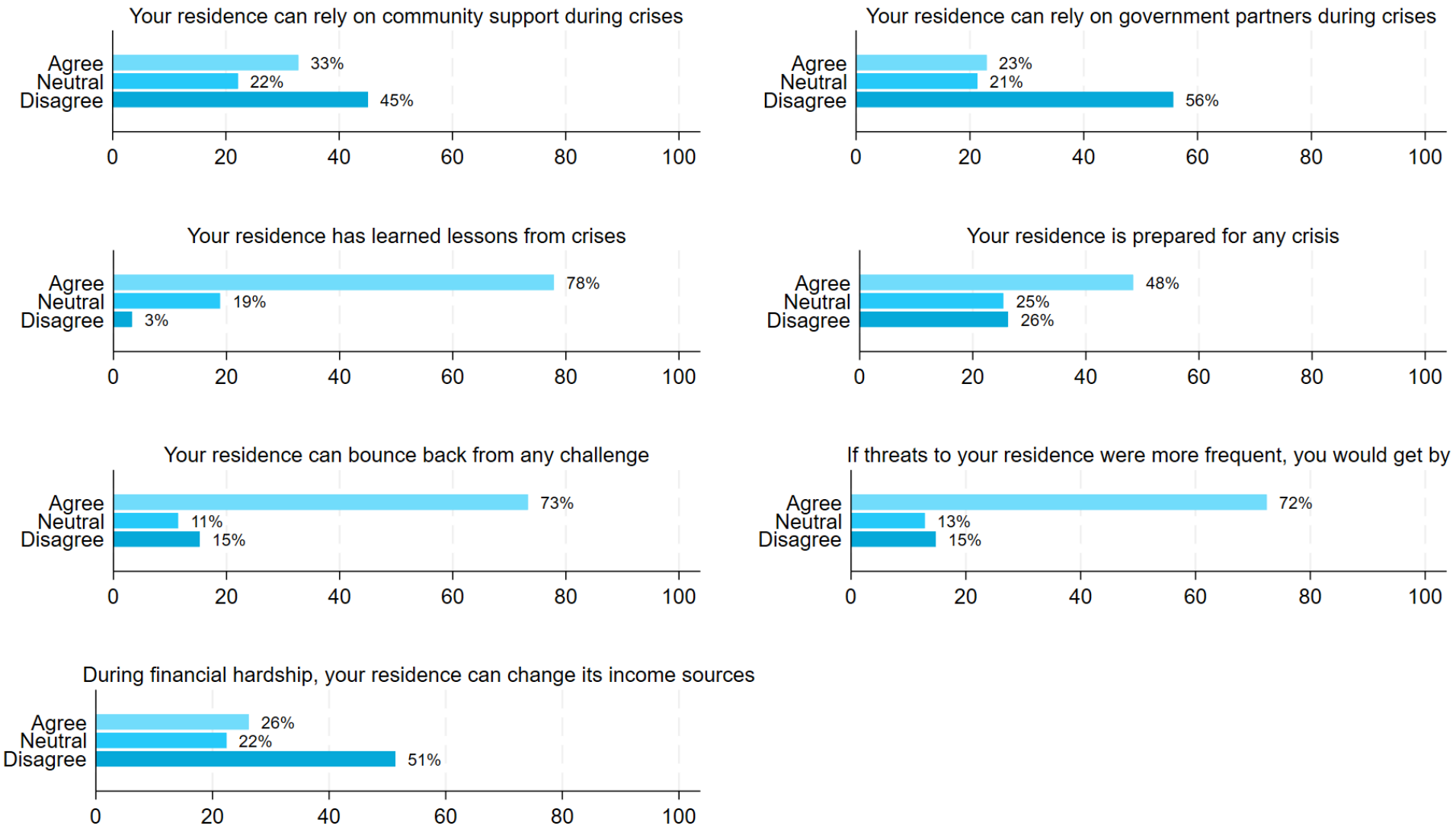


Figure 4. Share of recovery housing organizations that agreed, disagreed, or were neutral for various financial resiliency statements (N = 366)

Financial Differences between Rural and Non-Rural Houses

Compared to non-rural recovery housing programs....

Rural recovery houses are more likely to offer residents transportation, meals, and job training.

Rural organizations spend less of their annual operating budget on property costs (rent/mortgage) and more on operational staffing.

Rural organizations reported receiving less of their revenue from resident fees and more of their revenue from donations.

Policy Considerations

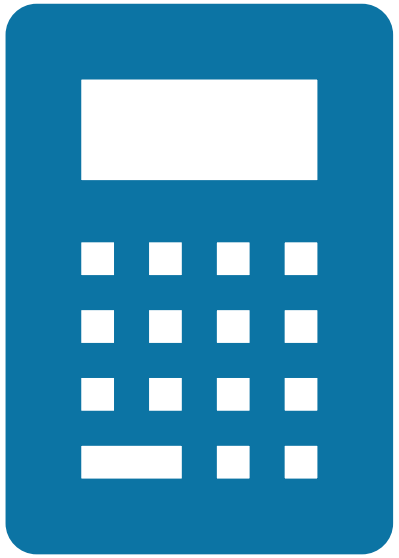
Increase the funding available to recovery housing organizations that is **sustainable, long-term, and aligned with organizations needs.**

Utilize state funding sources through collaboration with **single state agencies** to account for geographic variation in funding needs and structure.

Break down **barriers to sustainable and meaningful partnerships between recovery housing providers and other providers across the SUD continuum**.

What is the Fletcher Group Economic Calculator?

- The Fletcher Group Economic Calculator provides a **customizable** cost-benefit analysis for recovery programs



- It can be customized based on
  - Program size and location
  - Success rate
  - Program costs and programming
  - Specific use cases (e.g., grant applications, community questions)

- The calculator is offered as technical assistance through the Fletcher Group.

What benefits are included?

Prioritized inclusion of benefits that were most important and reliably quantified

Benefits include

Avoided healthcare costs	Avoided criminal justice costs	Avoided productivity costs	Value of morbidity risk reductions

Economic Costs Included in Model

Two Types of Recovery Program Costs are Captured in the Model:

1. Capital Costs
2. Operating Costs

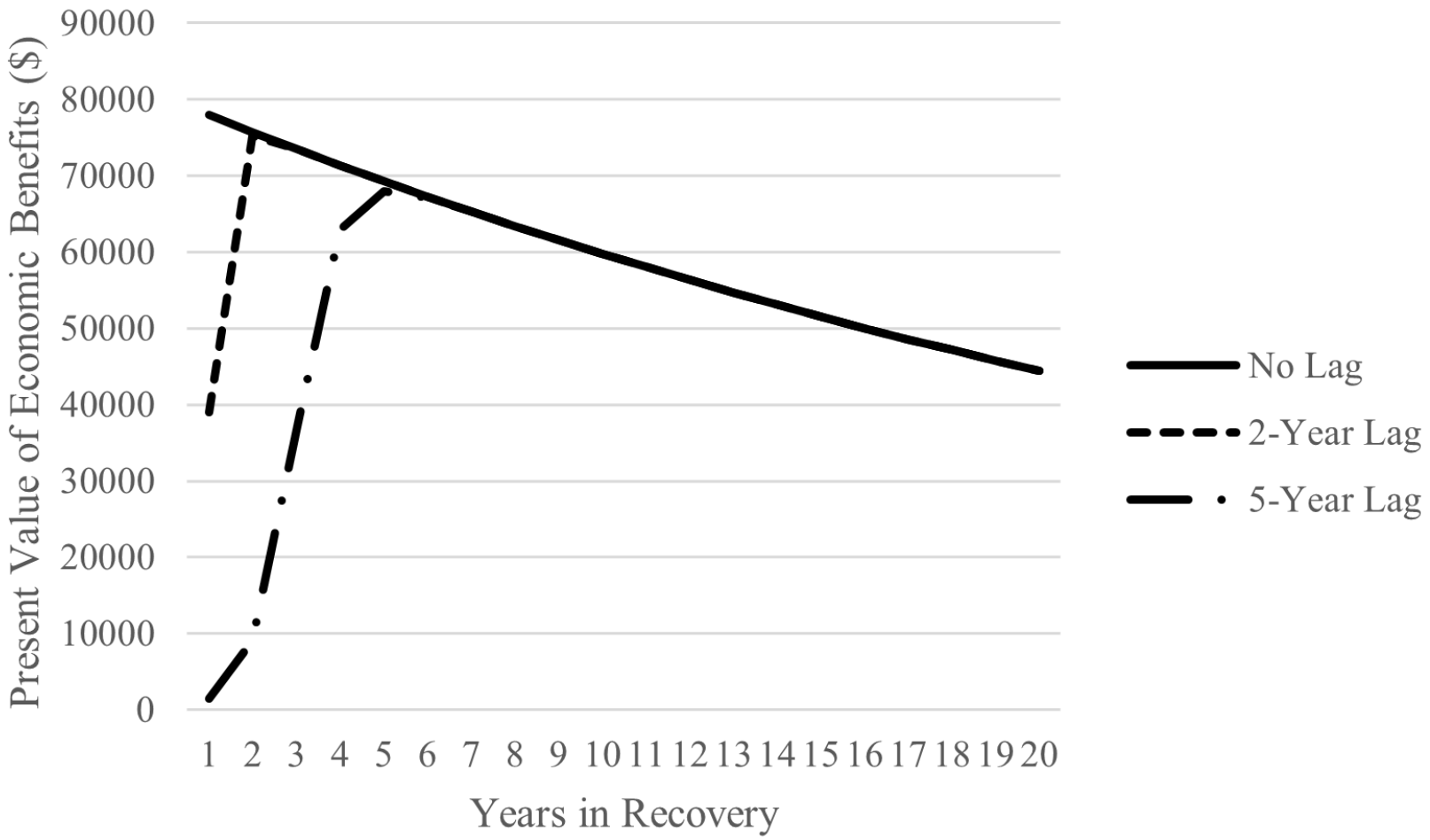
1. **Capital costs:** Any costs associated with beginning a recovery program that has residual value after the lifetime of the project

- Items like land, buildings, medical equipment, etc.
- Capital costs are calculated as the initial investment minus the depreciated residual value assuming standard straight-line deprecation.

2. **Operating costs:** Variable costs of operating recovery program each year

- Includes things like rent, staffing, programming, etc.
- Can be assumed to be constant across all years or variable

Modeling of the Recovery Process



- SUD recovery is not a linear process with individuals attempting recovery an average of 5 times before long-term recovery is achieved (Kelly et al., 2019).
- Many recovery indicators, like recovery capital, quality of life, and psychological distress, take between 2 and 5 years to reach levels of individuals across those aspects who do not have a SUD (Kelly et al., 2018).
- To account for the non-linearity in the recovery process, we include a discount parameter to model the time-lag of recovery benefits.

Example Results from Different Recovery Models

Table. Economic characteristics, benefits, and costs over 20 years across different recovery program types assuming a 5-year time lag in benefits, serving 100 residents annually, and located in Florida.

Variable	Recovery House	Recovery Campus	Residential Clinical
Operating Cost	$500,000	2,800,000	3,900,000
Capital Cost	$1,340,000	12,500,000	3,500,000
Success Rate	35%	45%	23%
Total Benefits	$299,828,992	$385,494,418	$197,030,480
Total Costs	$12,927,728	$74,444,919	$97,984,177
Net Benefits	$286,901,263	$311,049,498	$99,046,302
Return on Investment	$22.19	$4.18	$1.01

How to Access the Tool

- You can visit the Fletcher Group website: https://www.fletchergroup.org/2023/10/02/economic-calculator/ or scan the QR code.
- Take a short survey and tell us about your recovery housing organization including your operating costs, number of residents served, and location.
- Within a few days, a customized economic impact report will be delivered via email.
- If you have any questions about the report or inputs needed for the report, email Dr. Madison Ashworth (mashworth@fletchergroup.org).

Unique Funding Models for Recovery Houses

Recovery Kentucky Braided Capital Funding Model

Kentucky Medicaid Recovery Support Services Pilot Bundled Reimbursement Program

Washington Healthcare Authority's Foundational Community Supports

Women's Addiction Recovery Center in Henderson

- **28,757 county residents**
- The first recovery facility in the state of Kentucky
- Frequently accepts residents from region including Tennessee


REB
ARCHITECTS
Cumberland River RHOAR - Recovery Building

Kentucky Medicaid Recovery Support Services Pilot Reimbursement Program

The Kentucky Department of Medicaid Services, in collaboration with the Fletcher Group, has initiated a pilot project to implement a bundled service reimbursement model for recovery residences in the state.

Kentucky Medicaid Recovery Support Services Pilot Reimbursement Program

Reimbursement eligibility requires recovery residences to be certified at ASAM Monitored (level 2) or ASAM Supervised (level 3) and provide 24-hour monitoring and support to recovery residence residents.

All **recovery residence support service**s must be provided by certified peer support with lived substance use experience and trained in recovery capital, registered alcohol and drug peer support specialist, or targeted case managers.

Recovery residence support services are reimbursed at weekly rates (Level 3: $308 per week, billing code: H0026 TF and Level 2: $237 per week, billing code: H0026).

Washington Healthcare Authority's Foundational Community Supports

- Recovery residences can be reimbursed for two types of services provided within their home:
  - Supportive housing services
    - Conducting functional needs assessments related to housing, budgeting, and connection to social services
    - Developing individualized community integration plans
    - Identifying short- and long-term measurable goals
    - Providing person-centered plan meetings, supports, and interventions
  - Supportive employment services
    - Person-centered employment planning and placement
    - Benefits education and planning
    - Transportation

Considerations for Implementing Alternative Payment Models

1. **Administrative burden is a major barrier**. Implementation will require training for operators and financial support.
2. **Per diem model**s are preferred.
3. **Partnerships** matter.
4. Collection of **outcome data** is essential to oversee efficacy, reduce fraud and waste and provide quality improvement by providing meaningful feedback to providers.

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Visit our website for more great resources!

Thank you!

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BUILDING RECOVERY ECOSYSTEMS

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