

**Presentation Date: November 6, 2025**

**Presenter: Dave Johnson, CEO, MSW.; Dr. Madison Ashworth**

**Topic: *Enhancing Recovery Housing Financial Sustainability & Resiliency: Evidence & Tools from National Projects***

**Moderator:** [00:00:00] Today's presentation is given to you by Fletcher Group's CEO Dave Johnson and Health Economist Maddie Ashworth.

Dave has over 35 years of experience leading program development with a focus on holistic service models that address physical and mental health, substance use, and social determinants of health. He provides leadership and developing innovative programs and services for those experiencing a substance use disorder and health related social needs.

His areas of expertise include value-based payment models, integrated care models, and research and evaluation with a focus on outcomes informed care. As health economists for the Fletcher Group, Maddie leads various research projects related to substance use disorder stigma, the economic impacts of recovery, support services, and program evaluation.

[00:01:00] She has expertise in designing evaluation protocols, developing survey instruments, implementing data collection processes, collecting complex statistical analysis, and using economic modeling for program evaluation. In her research career, she has been involved in some of the first studies looking at the effect of COVID-19 social distancing policies on public health.

Economic and environmental outcomes. She earned her PhD in economics from the University of Wyoming in 2023. Maddie, Dave, the floor is yours.

**Dr. Madison Ashworth:** Alright, thank you everyone for joining our webinar today. I just wanna give you some kudos for joining a webinar all about finances and economics in the afternoon after lunch. That's some dedication to learning. I'm really [00:02:00] happy you all are here. Today we're gonna talk about a, all about enhancing recovery, housing, financial sustainability and resiliency.

Talking about some evidence and tools from national projects that we've conducted here at the Fletcher Group. Just a brief kind of overview of the Fletcher Group and an introduction to the Fletcher Group. For those of you that

don't know. The Fletcher Group is a HRSA funded rural center of excellence on SUD recovery.

And so we provide technical assistance, training, resources, research and evaluation all around SUD recovery for rural organizations across the country. We have a ton of different rural recovery house BA best practices in over 30 areas. Pretty much anything you can think about around starting running.

Operating a recovery house, we probably have a subject matter expert on it and a resource around it. We have best practices around the social model, around stigma, around funding and just staffing anything around recovery. Housing. We have a best practice and a [00:03:00] resource generally speaking for it.

And we operate in almost all the states in rural areas. One resource I just wanna plug here at the beginning as well. We are one of three rural centers of excellence. And we are the Rural Center of Excellence on Recovery, but there's also centers of excellence on prevention and treatment that have great resources as well.

And you can find almost all of the resources from the three centers at the rural SUD Info Center. The QR code there you can scan and look at, but it has a lot of great evidence-based resources to sup, support, prevention, treatment and recovery. And a lot of great information there. Okay. Getting into what we're gonna talk about today we are gonna talk about three separate things, all talking around economics and finances of recovery housing.

The first, we're gonna start by looking at some results and findings from a financial landscape of recovery, housing a study that we conducted in this past year. And then I'm gonna talk about a tool that we've developed here at the Fletcher Group called Our Economic Calculator that [00:04:00] provides a cost benefit analysis for different recovery organizations.

And then I'm gonna hand it over to Dave Johnson to talk about some really cool innovative funding models that the Fletcher Group has been involved in. Specifically recovery, Kentucky's funding Model, a Kentucky Medicaid Recovery Support Services pilot, and as well as Washington Healthcare Authorities community supports program as well.

All right, so first we're gonna start with our national financial landscape study. This study really came out of a technical assistance request that our research team got from the NA affiliate in West Virginia. And this affiliate was having a

problem when talking to their state legislatures about a misconception that recovery housing was a kind of get rich quick scheme for operators and that there was a lot of money to be made in recovery housing.

And anyone that kind of is in this industry, either as an operator or just tangentially related to it, they know that recovery housing really isn't that. But what we [00:05:00] were, what the West Virginia our affiliate was running into is that there was no data to actually support kind of their claim and really show what the finances of recovery housing looks like.

And that's what we designed this study to answer is, what is the financial landscape of recovery housing? What is the financial size of these residences? What are our revenue sources, our operating expenditures, as well as what is the financial resiliency of these organizations? And when I talk about financial resiliency, I'm really talking about an organization's ability to respond, adapt, and overcome unexpected things, especially in the financial way.

These unexpected things. Some past examples, right? Could be the COVID to 19 pandemic that had a big impact on the revenue sources for a lot of recovery residences. How are these recovery residences able to adapt to changes in their revenue sources and overcome kind of those unexpected events?

We're gonna talk a lot about like the components of financial resiliency in these results, as well as some opportunities we've identified from this work that [00:06:00] organizations can be thinking about to build out their financial resiliency. And then a big key part of this study is that we also wanted organizations to just tell us what their barriers were, what kind of funding needs do they have, and what funding needs aren't currently being addressed by funding of opportunities available in their state or at the national level.

And this study is a survey that we conducted in 19 states in collaboration with the NAR State affiliates and all participating organizations got a Fletcher Group economic Calculator report. And if you are a recovery housing organization that is in one of these states, there is for most of these states also a statewide kind of snapshot of what the financial landscape of recovery housing looks like in that state as well.

We're gonna be talking about the national picture, but we do have those state pictures as well. I'm gonna start with just a little bit of an overview of kind of who participated in this study. Our sampling pool of was those 19 target states

that were in that figure [00:07:00] before. And we got 420 recovery housing organizations representing 1,483 recovery residences to respond.

Pretty substantial sampling pool here for us. A couple key organizational characteristics that I wanna highlight. The first is that we have about 60% of our organizations indicating that they operate multiple residences. Just something to keep in mind when we're talking about some of the operating costs going forward.

We have about 60% operating multiple, about 40% just operating a single residence. We also are seeing some results around capacity. 56% of our organizations reported having a resident wait list and having to turn away residents due to a lack of capacity. That's indicating to us that the majority of our organizations that are serving individuals.

Are having some capacity issues and not maybe able to meet the demand for their services in their area. So some opportunities for expansion there. I also wanna highlight that of the residences that were included in this survey, that provided responses [00:08:00] for us, the majority of them, 62% are certified as NAR level two.

Again, just something to keep in mind was we're talking about these operating costs. We also note that not very many of these recovery residences, only about 17% were located in rural areas in these states. And then I also wanna point out here re related to kind of residence ownership, we see a pretty good split here of renting and owning the recovery house itself, right?

Where organizations about half of them reported renting the residences that they operate and then half reported owning. And I just wanna point out that this was a pretty geographic specific result. In states where housing markets are really expensive and pretty tricky. That is where we saw a higher proportion of residences being rented as compared to owned.

And this rental ownership kind of piece of the house itself also ties into that financial resiliency piece, right? When you're renting a residence, you're more likely to be subject to those housing market fluctuations, [00:09:00] increasing in rents, things like that. Just a piece to note there for some of the geographic specificity of these results, that some of these that I'm gonna mention were bigger results in different states.

And also speaking to the need for some geographic specificity when we're tackling the barriers. These residences are facing. All right. Jumping into some costs here. We asked operators to tell us how much it costs to run their recovery housing organization in a year. What is their annual operating cost to keep the lights on, do all their programming, pay all their staff?

All the fun stuff that goes along with operating a recovery house. And our median annual operating cost was \$169,000 per year, but you can see a pretty big range here in the figures we were provided with the lowest range being about \$1,500 a year, ranging all the way up to 20.5 million. And I'll note that this operating cost is at the organizational level, that's why you're seeing such a huge range.

At the bottom end of that range, you're gonna have an organization that's serving relatively few residents. It's probably [00:10:00] just operating one house compared to the one at the top of that range where there's likely a higher level of care operating a lot of different houses and serving a lot of different people, right?

There's a big range in the services that are provided by recovery housing, but also the structure of the organizations themselves. We wanted to control for kind of the amount of people these organizations are serving and calculate a median amount spent per resident served annually. The median amount spent per resident served annually was about \$6,800.

That's basically how much money it costs to serve one resident in one year for these organizations. And we can see when we look at these per resident costs for organizations to operate multiple residences versus just one residence, that there is some evidence of what we call an economies of scale, where as we operate more and more residences, that per resident cost goes down a little bit because you're able to spread out some of those organization specific costs.

You're able to spread those out over those different [00:11:00] residences you are operating. The per resident cost for organizations that operated multiple houses was \$5,900 compared to the per resident cost for organizations that operated just a single house, which was \$6,800. That's all well and good knowing how much money we're spending, but we also wanna know what we're spending that money on, right?

Of that \$6,800 that we're spending on one person in a recovery house, where's that money going to? And we asked operators to tell us the amount they're

spending on different categories of that annual operating cost. And with this figure on the left here, we can see that the largest share of kind of operating cost is going to rent or mortgages.

That property specific cost with about 33%. Going to that rent and mortgage. We see then that about 20% is going to operational staffing and 15% is going to utilities. We then see the next going to programming at about 9%, 7% to resident supplies and a relatively small amount going to things like staff supplies, meals, and [00:12:00] clinical staffing.

What I wanna highlight here for everyone with this cost breakdown is that a lot of the costs associated with running a recovery house are fixed costs that just keep the lights on. These are gonna be the rent, mortgage, operational staffing, and utilities. Those are costs that are gonna be pretty consistent, depending, no matter who, how many people we're serving in terms of able ability to adjust those costs, they're gonna be pretty fixed.

And we have a pretty high proportion of our costs that are fixed costs. That's gonna be something that we just wanna think about going forward in terms of our ability to reduce costs if there were an unexpected event or a change in our revenue sources. Okay, we had all the costs.

Now we wanna look at the revenue side. On the revenue side, we wanted to see where all the money is coming from to fund these residences. And we asked what percent of your revenue is coming from all these different sources? And by far the largest source of revenue for these recovery housing organizations was resident fees.

On average, the average monthly amount [00:13:00] charged on resident fees for these organizations was about \$725. One thing I wanna note too, with the resident fees is that 69% of our organizations indicated that they, or, sorry, I should rephrase that, of the resident fees that these organizations charge, they reported receiving about 69% that they charged.

They're not receiving the full amount of the resident fees they charge, but only 39% of those organizations reported discharging residents who are unable to pay their resident fees. Just speaking to the vulnerability of this as a revenue source and that oftentimes organizations are not going to be able to get the full amount of resident fees they're charging.

And the majority of them are not actually discharging those residents that are unable to pay. Speaking to a need for resident support, vouchers, rental assistance, things like that to help substitute that resident fee area there for the organizations. Moving on, in terms of revenue sources, we see that about 15% of organizations of [00:14:00] revenue comes from state and local grants, and 11% comes from unique state programs.

These unique state programs were usually in the form of funding through like the NAR State affiliate that doesn't exist across all states, but is unique to that one state. Then we see a smaller proportion of revenue coming from things like donations, federal grants, state contracts, foundations, department of Corrections, and on.

Really our key kind of top four revenue sources for recovery housing organizations really is resident fees, state grants and programs and donations. Okay, now we're gonna get in a little bit into our findings around financial resiliency and barriers to operation. I wanna start with the barriers.

We had operators rank the challenges that they had to continued operation with, of course, one representing the most significant barrier and all the way down at the bottom, representing the least significant at eight. And of course, not surprisingly, the number one barrier to continued operation for these organizations was financial [00:15:00] resources.

With 67% of our organizations reporting that it was the most significant program barrier that they faced then we had, in terms of other barriers, we had community stigma pretty high up there, as well as resident retention, followed by staffing shortages, some of the barriers related to state policies, referrals, federal policies, and COVID.

They weren't ranked as high as things like financial resources and community stigma. That's really speaking to just the importance of having some of those financial resources increased in order to help these operators fa overcome those barriers. When we looked at financial resiliency, we wanted to do a couple of different things.

One, we wanted to just get operators' perception of their own financial resiliency. We asked them on a scale of one to 10, how financially resilient do you think you are? And on average they rank themselves at about a 5.9. Relatively moderate on that financial resiliency scale, room for improvement, but not the absolute worst, is how we interpreted that.

One of the other big key pieces of financial [00:16:00] resiliency is revenue diversification. I'm sure we've all kind of heard this in just investment or kind of finance talk. You don't wanna put all your eggs in one basket when it comes to investments or in revenue sources. For a business, you wanna have a diversified revenue source that if something happens.

To one revenue source, you're not underwater and you haven't lost all your revenue. You have other places that you could pull from or other ways to float through that disturbance in your revenue. And with that revenue diversification, we found that 40% of the organizations indicated they received 75% or more of their revenue from one source.

We have about 40% of our organizations that could use some work on that revenue diversification. Speaking to the need to not only increase just the funding available in general, but also the diversity of that funding and making sure that organizations can access that funding. Okay. Financial resiliency is not just revenue diversification, there's a lot of different things that go into it.

When we're looking at [00:17:00] financial resiliency, we wanna think about partnerships that we can rely on during these unexpected events. Our tenacity to overcome those events. And also just our ability to learn from things that have happened in the past. And we asked a series of questions of these operators all around those kind of aspects.

And a couple highlights I wanna point out. The first is that there was a perceived lack of community support and government partner support for these organizations, where you can see 45% disagreed that their residents could rely on community support during crises. And 56% disagreed that they could rely on government partners during crises.

And this is really speaking, I think, to that barrier that we mentioned before where community stigma was number two. There's an opportunity here for organizations to tackle that stigma and really think about how we can build and maintain productive and meaningful partnerships with our community and our government partners.

While we might not, there's some disagreement with the partnerships, we do have a really strong perception of resilience and the [00:18:00] ability to learn from experience. We see 78% agree that they've learned lesson from past crises. 72% say they would get by if threats were more frequent, and 73% says their residents can bounce back from any challenge.

A really good perception of just an ability to learn and just, some tenacity to bounce back and get through it. But again, speaking to that revenue diversification you're, we do see 51% disagreeing that during a financial hardship, their residents could change its income source. Again, some opportunities for improvement around revenue diversification and partnerships with community and government partners.

And I do just wanna note a couple of financial differences between rural and non-rural houses, because we did see a couple significant ones. Compared to non-rural recovery housing programs, rural recovery houses were more likely to offer resident transportation, meals and job training. Generally, rural recovery houses offered more services at exactly the same operating costs.

Rural organizations were also [00:19:00] spending less of their annual operating budget on property costs and more on staffing. Speaking a little bit to housing markets in rural versus non-rural and staffing challenges in rural versus non-rural. We also see that rural organizations reported receiving less of their revenue from resident fees and more from donations.

Potentially speaking to the ability that if you can get those community partnerships going, that donations piece might increase but also the kind of tight-knit nature of rural areas and the potential to tap into that. Okay. Just to conclude this section of our financial landscape, I wanna talk a little bit about kind of the considerations and the takeaways that we had from this study.

And the first is that we need to increase the funding available to recovery housing organizations, but we need to increase funding that is sustainable, that's long term and is most importantly aligned with organization needs. There's a lot of report results that I didn't touch on just for the sake of time.

But one of the key things that came out of our results when we asked operators what funding they [00:20:00] needed was really a misalignment between the grant opportunities that were coming out and what they actually needed. A lot of operators noted the need for just operational funding that keeps the lights on that allows them to do their day-to-day activities.

A lot of grant funding is often for the next big exciting program. And aligning that what's funding is being offered and what funding the operators actually need will go a long way in increasing that financial resiliency, but also the funding available. There's also a lot of geographic variation in the funding needs and structure of these organizations.

So recovery, housing needs and structures look very different in Washington compared to, say New Hampshire. And so we need to utilize single state agencies and state organizations as funding sources to make sure that we're accounting for that geographic variation in needs and structure. And then finally, we need to break down barriers to sustainable and meaningful partnerships between recovery house providers and other providers across the continuum of care.

We can increase those community, [00:21:00] the perceptions of community partnerships and government partnerships, and address that stigma and make sure our partnerships are meaningful and productive when we are faced with some of those unexpected events. That's our takeaways from our financial landscape study.

I just talked a lot about how wow, we need a lot more funding and recovery. Houses are needing money and maybe need to start applying for a lot of grants to diversify their funding sources. And I wanna follow that up with a tool that we've developed to help you both in some community engagement, stakeholder engagement, but also in things like grant applications and showing the value of your recovery program.

And we've developed our Fletcher Group economic calculator tool, which is a customizable cost benefit analysis for recovery programs. And what this really does, a cost benefit analysis really just estimates your program's economic impact. When we're thinking about recovery and substance use disorder, we know that there are a lot of.

Costs that come along with substance use [00:22:00] disorder in terms of economic costs. Think of things like healthcare spending, spending on criminal justice, all those different pieces. And when we're helping individuals get into recovery, there's going to be economic benefits in the form of avoided costs and also just the value of helping people live a he a healthier life.

And we are able to, with this tool, we're able to quantify all those economic benefits that go along with recovery and show what your organization's kind of cost benefits are. You can show that economic value and that economic value can be really helpful when you're talking about, when you're talking to stakeholders at like the state or local level.

Policy makers love a return on investment number as well as grant applications. If you can show a grant funder exactly what you think your program's return on

their investment would be, that can go a long way in making your application stand out. And when we say it's customizable, we really do mean it's customized based on pretty much all of the characteristics of your program.

It's customized based on your program [00:23:00] size, meaning how many residents you serve, also where you're at. This tool brings in state specific data, it is state specific in its impacts. So it's going to, if you're located in Washington, it's going to show you what the economic impact is at that state level in Washington.

It's also gonna be customized based on your program's success rate. How many of the individuals that you serve go into long-term recovery and start accruing those benefits. You're able to tell us that based on your program's data. Also, it's customized based on your program's costs and your programming.

And it can be customized based on specific use cases. I mentioned earlier about some of the ways we've seen it used. But this is not a one. You only get one chance to use this tool. Let's say you're applying for a grant and you need, over five years that you're gonna get this money, what's gonna be the economic impact?

We can run that for you. Let's say you're doing a big community event where you've been in operation for 10 years and you wanna show the community all the economic impact your program's had. We can run that as well where we're looking back [00:24:00] or forward. There's a lot of opportunities here. This tool is very flexible.

If you're thinking I wonder if I could use it this in this particular way, the answer is probably yes. And send me an email and we'll figure it out. Right? And the best part about this tool is that it is offered as technical assistance through our Rural Center of Excellence, which as one of our OES team members, Kristen often says, means that this tool is for free and for fun.

It is available, I think there's a link in the chat already. You can check it out. It is offered for free as that technical assistance for organizations that would like to use it. That was like a high level overview, but I wanna get in a little bit more into what the tool actually includes you can get an idea of how you could use it.

When we're thinking about the economic benefits of recovery, there are a whole slew of benefits that we could include in this tool. You can think of healthcare costs, criminal justice costs, employment the value of the lives saved. Those are

the ones we do include. But there's also a lot of others that we can't include that are more like generational or other pieces that we can't include.[00:25:00]

And we were prioritizing in this tool, the inclusions of benefits that were most important. Meaning are the biggest slice of the pie, but also the ones that could be reliably quantified. And that's the one that really got us in deciding the benefits. 'cause we'd had to choose ones that had state specific data that was reliably estimated and would be reliably updated as well.

And when we're thinking about the benefits that we're quantifying with this tool, we're gonna be quantifying avoided healthcare costs. When someone enters recovery, they're less likely to be using the healthcare system as much less likely to be going to the emergency room as much. And just they're generally healthier.

We're not having as many of those healthcare costs. We're gonna be able to quantify that cost saving. We're also gonna be able to quantify the criminal justice cost savings. These avoided criminal justice costs. People who are in recovery are less likely to be engaged in the criminal justice system, less likely to be arrested in prison, jail, et cetera.

And there's an cost saving there as well. And then the other big one here is our avoided productivity costs. This is gonna be all of the productivity you [00:26:00] can think of in your daily life in terms of both the labor market. People in recovery are more likely to be employed and have higher paying jobs, but they're also more likely to be doing all the things you need to do to keep a household running.

If you think about everything you do in your daily life. That's not that exciting, but is very impactful to keep your house running, think cooking dinner, doing laundry, vacuuming, all the fun stuff like that. We're able to quantify that benefit as well. It's both a labor market productivity and a household productivity that we're able to quantify the benefit of the other big one.

And it is the biggest benefit that we include here. I leave it for last 'cause I think it's the most exciting is the value of morbidity and mortality risk reductions. One of the biggest benefits of any recovery program is that they're saving lives and making people healthier. And in a lot of tools and a lot of economic analysis, we just look at kind of those direct cost savings.

But the value of those lives you've saved and the value of making people healthier is something we should also be considering. And we are able to quantify using a lot of different [00:27:00] methodologies that value of the mortality risk reductions and that kind of social value that your program's bringing to those individuals that you are serving.

That's the benefit side. That's the more exciting side. The cost side is also very important and is really a lot of where the customization comes from as well. Because each program operates with very different costs. As we saw from the financial landscape, those operating costs range quite substantially.

And we wanna take that into account in the model as well. And we account for two different kinds of costs. And these are two costs that you would have to give us if you wanna use the tool. The first is a capital or startup cost. This is gonna be any cost you're incurring that's associated with beginning of the program or expanding it that has residual value after the lifetime of the project.

That's a very fancy way of saying all the money you're spending on things like land, buildings, cars, anything that if you close down today and you could sell for a chunk of change, that's what you wanna put into capital costs that we can look at the res depreciated residual value [00:28:00] rather than just accounting for in kind of one lump sum, because you would get some money back if you were to sell like the house that you purchased for this.

The other one is the operating costs. These are more might be more readily available for you with your variable cost of operating a recovery program each year. This is gonna be things like rent, staffing, programming supplies, utilities, all the fun stuff that just keeps the lights on and keeps an oper recovery house operating.

Those are the costs that we have included in the model. And I wanna touch on briefly I'm not gonna go over it too much here just for the sake of time but we do include some modeling of the recovery process in this tool. Recovery is not a linear process where someone's actively using one day and in recovery the next and everything is perfect.

We know that is not how it works, right? And there's a lot of research that's been done to say, how much time does it take for someone to stabilize in recovery? And the research has suggested that it takes between two to five years, four individuals in recovery to stabilize and get a lot of those [00:29:00] recovery indicators.

At that peak level. Think about the lag it might take for someone to get that really high paying job or stabilize their mental health after they leave your program. This also allows for a little bit of if there are return to use episodes as well, right? Someone might not be accruing all of the benefits of recovery immediately.

It might take a little bit for that individual to stabilize and start accruing all those benefits. We do account for that with what we call our benefit time lag here, where we have a two and five year lag where just to model that recovery process. That is in the output report that you would receive.

And just wanted to note that as well. Okay. This is just an example of results from these different recovery models. This is pulled from a paper that we published on the model. If you were thinking all of this sounds really technical and hard I don't trust that this is good enough. We did have, we did submit this to an academic journal where we had a bunch of smart people check off that it.

A reliable model with reliable data and that I hadn't made any mistakes in making it. And we do have that [00:30:00] publication. I think that has been shared in the chat as well, if you would like to check that out. And it does it is a nice citation when you're using this model with policymakers and stakeholders.

And I wanna focus in on this recovery house column here where we're looking at a program that serves about a hundred residents annually. We're gonna say it's located in Florida. It operates with about \$500,000 a year. It has a capital investment, capital cost of about 1.34 million. And our success rate here for this program is 35.

Meaning that 35% of those 100 people they serve each year go into long-term recovery. And from this, we can see that our total economic benefits over the 20 years we're quantifying them for. The 20 years this program's been operating, they yield about \$300 million in social economic benefits.

That's gonna be both direct cost savings and that social value of saving lives. They do with total costs of about \$13 million, which yields a net benefits of about 287 million. The return on investment, the [00:31:00] social return on investment of this program is about \$22 per dollar invested. And I present this example just to say there's a lot of economic benefits of recovery and there is a large return on investment of helping individuals get into recovery.

And this tool can allow you to start showcasing and start showing your program's value in terms of the economic benefit. Okay, how to access the tool. We went over this a little bit, but I just wanted to put it up here briefly. There's links in the chat for the link to go to the website where you can find a little bit more information.

Can also scan a QR code if you want, all the different ways to see it. It's gonna take you to our website and there's gonna be a picture of a plant a jar with change in it and a plant. Click on that and it will take you to a short survey where you can tell us all about your recovery, housing organization, or just recovery hous or recovery organization in general.

Tell us things about your operating costs, your number of residents served, location, all that fun stuff. Within a few days, I will email you a customized economic [00:32:00] impact report via email. And then if you have any questions at all, I come along with the tool. If you have any questions about the inputs what you should be putting and telling us in the survey or how to use the report you get any questions at all feel free to email me.

My email is right there. I think it'll also be on like the last slide of this presentation. Feel free to shoot me an email. And I'm happy to help in any way with that tool. That is I think all I have. Now I'm gonna hand it over to Dave he can talk about some pretty cool funding models for recovery houses.

**Dave Johnson:** Thanks Maddie. You covered a lot of ground there in, in your 31.5 minutes. I think you did a fantastic job, thank you. Just to wrap this up, we wanna talk a little bit about just to some real world examples of both capital development as well as operational.

Revenues that can be used to support your recovery housing programs. We'll be talking about recovery Kentucky model a couple examples there, as well as then a Medicaid [00:33:00] demonstration project that we're operating in Kentucky as well as the program we're working with in Washington State.

Moving forward just to, to look at this is one of the first recovery Kentucky programs in the state of Kentucky. The developer really under the guidance of governor Fletcher while he was governor. And I think it's we like to dream big at the Fletcher Group and it comes from our founder governor Fletcher who did not see recovery housing as necessarily a small, duplex fourplex large house that would host six to eight residents, a facility that could house up to a hundred plus individuals both in shared dormitory style rooms as well as individual

rooms. And what you see here is the really, the very first facility developed in Kentucky that's continued to grow over the last 20 years.

In the very foreground is the recovery center. Which was the first building there. And take a note that this is in Henderson, Kentucky, which is a county with about 30,000 residents. It's possible [00:34:00] to develop a large facility in a very small residential county. The the program then has grown to include in the foreground residence where there are 32 apartment units where people can continue to progress from the recovery center where they really engage in a very strong social model, peer support kind of program.

Generally you think about this as a residential treatment program, but it's not, it really operates as a recovery house. It's a social model where people are engaged and held accountable and support one another. And that kind of, that peer-to-peer kind of operation.

It, it continues to grow, continues to receive community support. It is possible in a small rural community. I think sometimes we think small. Let's just start with a, small recovery house. And, don't allow yourself to think too small, but to think too big.

How can I how can I dream big and achieve, larger results? More recently [00:35:00] we developed this program in Middlesboro, Kentucky. It just opened last year. This was really developed under an ar Appalachian Regional Commission grant that supported our work on this. It took about three to four years to develop and it really was work developed with kind of tax free kind of money to develop the capital stack.

It included Federal home loan bank home funds litech, low income housing tax credits developer fees that were returned to the program. And it ended up being about a \$13 million facility that was covered through this blended kind of funding source. There, it's not a short term, think about opening up a place in six months, and here it is. This is a three to four year kind of project but houses, again, up to a hundred individuals. And it's a kind of unique program in which we also were able to build a. A more clinical kind of building alongside where people can go to receive a more clinical services as well as a part of [00:36:00] their social recovery model.

Again, the capital stack in developing, larger recoveries, facilities, it's being creative and looking for those partnerships with the state and local governments that have funds available to support housing and recovery housing. And it's

important I think, in these initiatives to work not just with local folks, but with your state folks with a housing authority with the local community development entities et cetera.

There are a lot of various funding sources that can be available and some pe times the those organizations just don't know that they can use their funds to develop recovery facilities like this.

Moving to the kind of the operational side we really have looked to say, how do we support recovery housing beyond kind of that resident funded activity where the resident comes in and pays their monthly fees to live [00:37:00] in the house and to receive the kinds of social supports that are available in recovery housing.

And, part of what we see, and then what Matt covered in the financial resiliency is that it's a, it's a fairly if you will, low budget kind of operation of individuals are living in a house at about \$18 a day. That's, that's just really cutting it really close and it's hard to provide staffing and support for those residents at those kinds of rates.

We really were looking at how, what are the potential funding sources? And, from a public sector standpoint department of Corrections is the one significant one, but Medicaid is another significant funding source. And we really were looking at how do we get the Medicaid entity to participate and support recovery housing.

We spent a couple of years actually meeting with the managed care organizations. And talking to them about the value of recovery housing and the outcomes that are demonstrated as as a result of people [00:38:00] participating in recovery housing that, generally meet or exceed clinical programs.

We were presenting that data. We presented a model that really looked at how do we wrap these up and bundle up the services that can be provided in recovery. Housing started to define those services in a variety of ways. I think we came up with a list of about 20 distinct kinds of activities that we could say.

This is a service that is offered in recovery house that you may not even think about I recovery to work. Life skills just the peer-to-peer kind of interaction of that's often defined as peer support services, et cetera. Those were services that we said, here's a kind of a bundle of services that could be provided but let's not, make a recovery house.

Document each of those services and bill for them at some kind of a 15 minute increment. But let's just say, provide five hours of those services. And for that you can bill \$237 a week, which translates into about \$33 a day. It's almost double the [00:39:00] rate that recovery houses are charging residents based on the financial landscape.

And if you could provide even additional kinds of services up to 10 hours a week you'll receive up to \$308 per week or, roughly about \$44 a day for those 10 hours of services. That, we were really looking at a funding model with help to support staffing of recovery housing that would then provide that continuity.

That I think is also very important for maintaining the consistent population and recovery house and supporting those. Individuals long-term in that six to nine months that's really required for long-term recovery. Secondly let's see, moving on. Yeah. Second kind of operation that we've looked at, in terms of financial models has really evolved out of our work with Washington State working both with the Alliance of Recovery residents in Washington State as well as with the [00:40:00] healthcare authority.

And one of the things that Washington State established as a waiver program was the foundation of community supports. And that's an 1115 waiver that. I think it's unique to Washington State at this point in time, but it provides supportive housing services as well as supportive employment services.

Our staff worked with the Alliance of Recovery residents, Washington State to say recovery houses could provide these services. That's really within the domain of what you do on an ongoing kind of basis, is, help people to get employed help them stay employed, meet their requirements of of the employer.

And then once they're transitioning from the recovery house to permanent or longer term individualized living arrangements, let us help to coordinate that and support them in those services. And again, that's paid on a case rate, it's done needed to be documented in a day by day kind of activity that results in, in easy to bill or easy [00:41:00] to bill for those services with less kind of accountability for the clinical documentation that's often found with Medicaid services.

Both of these kinds of programs, the re recovery resident support services in Kentucky and the foundations of community services reduce the administrative burden for recovery houses. It allows them to bill on a per diem kind of, or per month per week basis. It builds on the partnership between the state agency as

well as other community organizations and learn and significantly it facilitates the collection of outcomes data to document the importance and the effective effectiveness of recovery house services.

Maddie, I wrapped mine up in my 10 minutes. We have time for q and a.

**Moderator:** Alright, thank you Dave and Maddie. Great information very thorough and just incredible [00:42:00] information. We really appreciate your insights. And now we'd like to open up the floor to questions. We had a couple questions that came up in the chat.

One of those Maddie, when you were addressing in the very beginning of your presentation and you were showing the information around the different costs per day, you had showed us 700. Somebody asked it in this study was the average resident fee was the average resident fee of 725 per month.

I think they were asking was that the average fee there?

**Dr. Madison Ashworth:** Yeah, that 725 was a monthly, that was a monthly charge in resident fees was \$725.

**Moderator:** And do you see a difference between like a NAR level two and an R level, level three on those charges, monthly fees?

**Dr. Madison Ashworth:** Yeah, we did on the that's a great question on the organizations that we were just operating a single residence.

There were some not our sample size wasn't large enough to say anything about statistically significant, but generally those that were offering a higher level of care had those higher resident fees. [00:43:00] But we asked a lot of our questions at the organization level, and there is some nuance there of if an organization offers houses at different levels, often those houses will have different resident fees across the different houses with different levels generally speaking.

Okay. Okay.

**Moderator:** How about the P ips provide block grant payment for 90 days. How can we get Medicaid funding for long-term recovery house housing after 90 days? Grants mostly assist with operation and staffing costs. Any thoughts or ideas there?

**Dave Johnson:** I think the the 90 days is what Kentucky also settled on.

I think the PHHB is probably out of Michigan, it sounds like. And that's an ongoing kind of struggle. I think, it's really tied to outcomes and I think that's the, that's where the juice is going to come, for you as a recovery house operator is to demonstrate the outcomes and the more more positive outcomes for the longer length of stay for the six to nine months.

I think that's really where [00:44:00] the, the power is for the argument to increase the funding over a longer period of time. You, and I think you make the comparison, we've I think one of our papers show a comparison between 180 days from recovery houses versus 30 days in residential treatment.

It's the same cost. Basically you start to argue that, for the same cost of 30 days, you can get 180 days and you're gonna have better outcomes.

**Speaker 4:** Okay, great. I think that was gonna be my next question is do we, does the pledge group have any information or things that people could use to demonstrate, but it sounds like we do and we'll get that posted into the chat, demonstrate the difference.

You answered a little bit of this one, Maddie, but what information would someone have need to have ready for them to be able to participate in an economic calculator tool? I think you had mentioned some of their costs. Anything else you can think of that might be helpful there?

**Dr. Madison Ashworth:** Yeah.

Great question. When you go to take that to get an economic calculator report, you'll wanna go to our website and go to that [00:45:00] survey. And in that survey, it'll have a whole slew of questions you'll have to fill out for us all around your organization. We're gonna need your location in terms of what state you're in, what county you're in, we can assess if you're in a rural or non-rural county.

Some of our avoided productivity costs are specific to rural and non-rural areas. We're also gonna need how many residents you serve annually. We're also gonna need annual operating costs and any capital costs you put into your organization. Those capital costs being things like a building, purchased cars, things like that.

We're also going to request your organization's success rate. What is your best guess? We recognize sometimes data can be hard to capture on residents after they leave. What is your best guess at what percent of residents enter long-term recovery after leaving your organization? And we, if you don't have that robust dataset following them over multiple years, we suggest looking at a proxy of how many residents that you serve that enter the house, day one, stay six months or more, or that enter [00:46:00] day one and have a successful exit.

And it's really important when you're thinking about your success rate that you're capturing all residents you serve at all residents that enter your house even for one day. Rather than looking at just a subset of, success rate of those who've stayed 30 days or more.

We need that success rate.

And then just contact information. Make sure you spell your email correctly I can give you your report when I have it done.

**Speaker 4:** Alright, thank you. Another question that came up are, what are some practical first steps for recovery homes that rely heavily on one funding source to be able to diversify income?

And the second part of that is how can smaller or rural recovery houses build financial resilience when grant opportunities are limited?

**Dr. Madison Ashworth:** I think that's a great question. Dave, do you want me to take it first and then I'll hand it to you for other things?

**Dave Johnson:** Go ahead.

**Dr. Madison Ashworth:** Okay. On the first part of that, I think, a first step in diversifying income practical first steps is just to see what's going on in your state.

One thing that I noticed when we were doing this financial landscape is that. There are a lot of [00:47:00] state specific programs. If you're in a state with an R affiliate, reach out to that r affiliate to see what funding opportunities they know of. If you're in a rural area and you're a rural organization Fletcher Group can be a great resource as well and help to help provide that technical assistance to find more funding opportunities.

But I think looking around what community partnerships you have and seeing what's out there in terms of grants, in terms of just unique funding opportunities in your state is a good first start. And I think the second piece of that question is really around how, how you can build that financial resiliency and the grant opportunities are limited.

And to that, I wanna just touch on one of our results, which was the rural organizations in our study that. Didn't have as much grant funding, weren't relying as much on resident fees, and we're really substituting that with those donations. And I think that's where building those community partnerships and doing a lot of community outreach, that can be an important step as well to building that financial resiliency and revenue [00:48:00] diversification.

If you can have that really positive community relationship, then they can be a source of donations and funding as well.

**Dave Johnson:** I would add to that in terms of a huge cost in particularly rural communities, our correctional cost. We're working with a group in northern Kentucky in which the county administrator indicated that 50% of their county budget went to jails.

Think about that 50% of their county budget went to the jails. Jails are expensive to house people and it's estimated that between 60 to 70% of people in jail have an SUD. And recovery housing is a much better alternative than being in jails. Really being connected with your local law enforcement your courts and presenting yourself as an alternative that is effective at addressing people's issues with SUD and how that impacts their legal functioning in the community can be a [00:49:00] viable alternative for your funding streams.

Secondly is, get to know your state agency, your single state agency. They come across funds. Just this past month prior to the closure of the federal government SAMHSA issued to the states a request for proposals from the single state agencies to expend about a million dollars per state for individuals with SUD between the ages of 18 and 24 for recovery housing civically.

And we had a number of requests from states, what do we do with this? They had to respond like within a week's time to to SAMHSA about their proposal for spending those dollars of your kind of on the Rolodex speed dial for the state agency. They'll be calling you and saying, Hey, we need to spend this money.

How would you recommend that we spend it? That, just, being connected with your local officials as well as your state officials, I think is really important as well.

**Moderator:** And one thing I'd like to add Dave and Maddie, is that it says, how can [00:50:00] smaller rural recovery houses build financial resilience when grant opportunities are limited?

And one thing that I've seen people do is social enterprises. I'll give you an example of Idaho. We have a lot of rural communities. We had a recovery house. Just a fantastic group of people that put together and started some recovery homes. They just faced everything that you faced, which is, funding doesn't quite cover everything they need to cover.

How do you do that? There was a lot of growth in the construction industry. They went out and met with some of these different construction companies and discovered they had a need for people to clean up the construction sites or do demolition. And they created a social enterprise where the folks that were in the recovery house could do that.

It brought in some money for the recovery house for, and then they paid a wage to those that were doing it. And then it eventually went into linking up with a tech school where people could get certified in different construction industry. Looking at maybe a social enterprise in your smaller or rural communities is another option for maybe finding a different way to diversify your funding stream.

I know we've only got a few minutes left, but let me get to this next [00:51:00] question. It says, hi, great presentation. Thank you. Is there a suggested timeline of how long a resident should stay and how do you document success? What are Success Guard guidelines?

**Dave Johnson:** The the kind of the recommended and the research indicates at least six months in recovery housing, six months to a year is probably the ideal kind of timeframe for recovery housing residents to be engaged in retained and long-term recovery.

That would be the, the benchmark I would say is the six months is the, the minimum, even though the states wanna kind of push it down to three months as, as well as other payers the data I think are fairly clear that six months is the kind of the minimum.

**Dr. Madison Ashworth:** I think we've got time for one quick last question. If someone is not in a HRSA rural area I understand, this was funded by a HRSA grant. If they're not in a HRSA rural area, can they [00:52:00] still use the economic calculator tool? And can they still work with the Fletcher Group?

Yes. They they can use our economic calculator tool that is open right now for any recovery organization while we're in this phase of socializing the tool for sure.

And I think there's if you're in a non-rural area, there are a lot of great resources on our SED info center as well as just our Fletcher Group website for organizations in non-rural areas as well.

**Speaker 4:** Perfect. And someone also asked Dave on what you just talked about, a recommendation of six months.

Do we have anything on our website or research data that would back that up currently?

**Dave Johnson:** Yeah, I think John Kelly is has quite a bit of data on that. If you go to the the Harvard research recovery Research Center and John Kelly has some meta analysis of length of stay.

**Dr. Madison Ashworth:** Okay, perfect.

Yeah. And if happy to also on that one, there's also I think some Jason Leonard, Jason Articles and [00:53:00] Amy Miracle articles on that as well. If feel free to shoot me an email and I can connect you with those resources as well.

**Moderator:** Perfect. Alright, we have come to the end of our time together and just wanna express appreciation to Maddie and to Dave for your excellent presentation.

For those of you, we just also like to express our appreciation for you attending and joining us today. This will be posted on our website under the webinar section. It takes us about a week to go through it and get it ready and then post it there. You will also be able to obtain a copy of the slides at the, when you click on the webinar presentation.

We appreciate your time today and all of your great questions and the insightful information. Thank you very much.