

Cost of COVID-19 to SUD Providers

New Hampshire substance use treatment and recovery providers have been hard hit by the COVID-19 crisis, leading to discontinuation of services and uncertain futures. New Futures surveyed New Hampshire’s substance use treatment and recovery providers to gain insight into the cost and revenue impacts of the crisis and support needed to ensure their survival.

Quote from Cathy Roy of North Country Health Consortium:

“As a Substance Use Disorder treatment facility, we had to discontinue our in-house treatment in late March and convert our outpatient business (which constitutes a fraction of our total revenue base) to telehealth. We have maintained the building and current expenses of having a skeleton staff to provide much needed outpatient telehealth services and are trying to secure funds to ramp up (albeit slowly) to in-house treatment. It will take 3-4 months to get us back to “the new normal” which means a slow stream of clients served, additional expenses involved in testing and/or isolation, deep cleaning before and additional cleaning required out of the normal, PPE. Friendship House is a much-needed facility in northern New Hampshire serving a mainly low-income population.”

Revenue

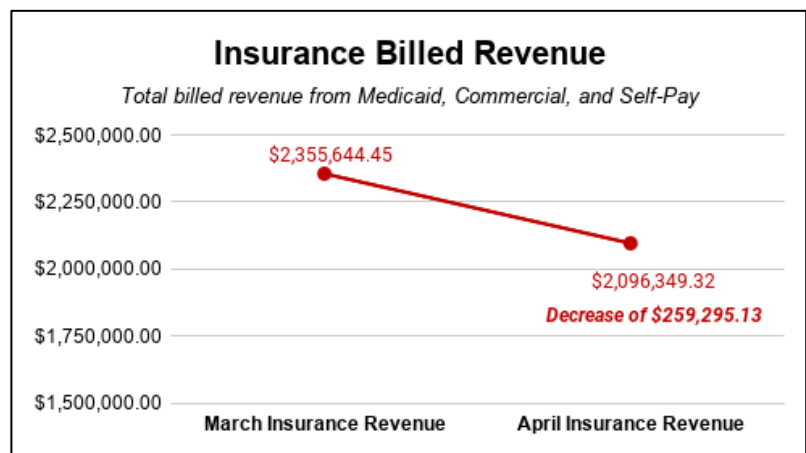
We looked at how public and private insurance revenue has changed each month during the COVID-19 crisis. **Excluding outliers, 83.3% of small and large group SUD treatment providers have experienced an overall decrease in insurance revenue during this time.** The providers who experienced an overall revenue increase this time were residential treatment centers and medication assisted treatment (MAT) providers.

The total revenue decrease from all insurance types during the four month period from January to April was \$257,431.62 amongst the 13 small and large group respondents who provided their insurance revenue billed.¹ Of these 13 respondents, two were small group practices with 2-10 employees – the two small group practices account for \$32,487.68 of the decrease in revenue.

Average revenue change per entity each month from January to April: decrease of \$7,150.88

Average *total* revenue change per entity between January and April: decrease of \$21,452.64

The hardest hit month was April, just after the Stay at Home order was first issued. The average change of respondents’ revenue from March to April was a decrease of \$21,607.93. **The total decrease in billed revenue from all 13 respondents in March to April was \$259,295.13 – a quarter of a million loss between 13 providers alone.**



¹ Not all respondents provided their insurance revenue information, and some respondents do not charge for services (e.g. support groups).

Both small group practice respondents that provided insurance billed revenue information experienced net decreases. One had a total decrease of \$7,800 over this period – representing a 62.4% reduction in their insurance revenue from the month prior.

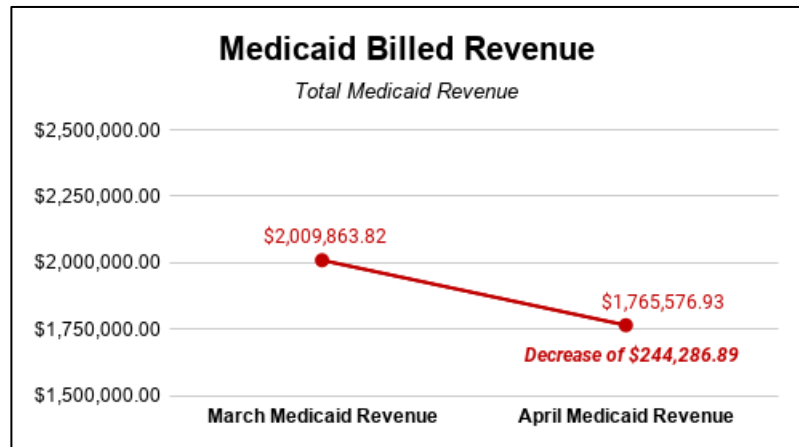
Medicaid

Medicaid billing was most significantly impacted during this time. **The overall change in Medicaid billing among surveyed providers between January and April was a decrease of \$221,300.35**, accounting for nearly all the total decrease from all insurance billed revenue.

As with total billed revenue from all insurance types, **Medicaid revenue was hit the hardest in April**. The average change in respondents' Medicaid revenue from March to April was a decrease of \$20,357.24. **The total decrease in billed Medicaid revenue between all 13 respondents during this period was \$244,286.89.**

Including outliers, the average Medicaid billed revenue change per entity each month from January to April: decrease of \$18,441.70.

Excluding outliers, the average Medicaid billed revenue change per entity each month from January to April: decrease of \$27,229.76.

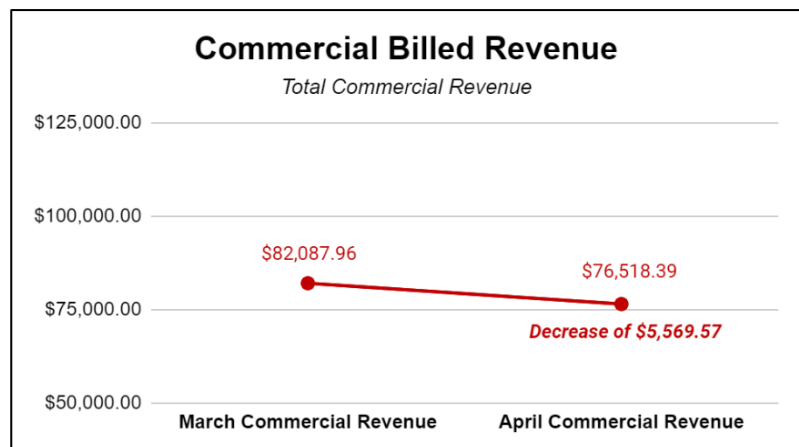


Commercial

Commercial insurance revenue saw a smaller decrease than other revenue types – commercial insurance makes up a much smaller portion of billed revenue than Medicaid does amongst those who responded to the survey. **The overall change in commercial insurance billing from January to April was a decrease of \$11,517.37.**

While commercial insurance appears less affected than other insurance types during this period, we expect this may change from May onwards as clients lose private insurance benefits due to COVID-19 related layoffs.

The commercial insurance billed revenue of most respondents was hit hardest in April, with one outlier. The average change of respondents' Medicaid revenue from March to April, excluding the outlier, was a decrease of \$696.20. With the outlier, the average change was an increase of \$1,012.38. **The total decrease in billed commercial revenue during this period, excluding the outlier, was \$5,569.57.** Including the outlier, commercial billed insurance revenue increased by \$9,111.43.



Including outliers, the average commercial insurance billed revenue change per entity each month from January to April: decrease of \$426.57.

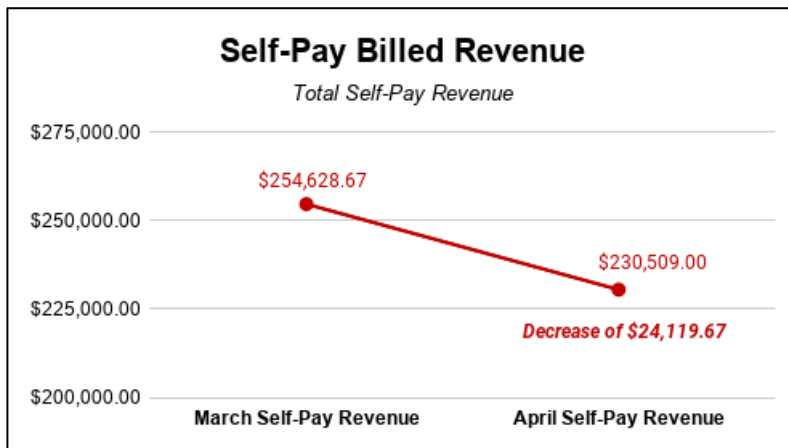
Excluding outliers, the average commercial insurance billed revenue change per entity each month from January to April: decrease \$2,764.30.

The small group practice amongst respondent that billed commercial insurance had an overall decrease of \$20,700 in commercial insurance revenue from January to April. This is a significant loss for the small group practice – the practice billed \$25,000 to commercial revenue in January, but in April, billed a fraction of that earlier revenue to commercial insurance – only \$4,300.

Self-Pay

Self-pay billed revenue, like other billed revenue types, decreased. The change in self-pay revenue from January to April was decrease of \$24,613.

Self-pay billed revenue was hit the hardest in April. The average change of respondents' self-pay revenue from March to April was a decrease of \$3,014.96. The total decrease in self-pay billed revenue between all 13 respondents during this period was \$24,119.67.



Average self-pay billed revenue change per entity each month from January to April: decrease of \$3,076.74.

What this means: Income declined significantly for many respondents after the Stay at Home order was implemented in response to the COVID-19 crisis. As a result, providers have lost needed operating income, hindering their ability to provide critical services in the future.

When we apply the experience of this representative sample surveyed across all 122 providers known through the NH Treatment Locator², we project that by October, after 6 months of this crisis, small group and large group providers in NH will have lost at least \$6,018,058.42 in insurance billed revenue. We project that during this same period, solo practitioners will lose at least \$446,485. While the NH Treatment Locator lists many SUD providers operating in the state, it is not exhaustive – the amount of lost revenue for all providers will likely be higher than this projection.³

PPP Loans and Medicaid Stimulus Funds

Of 23 respondents, 13 respondents applied for PPP loans and another applied for a PPP loan with a parent company. The sum of all PPP loans received was \$5,210,352. The average loan was for \$400,796.31. The median loan was for \$121,100. The largest loan was for \$2,274,700. The smallest loan was for \$9,300.

Small group providers account for 7 of the PPP loans. The sum of loans received by small groups was \$478,800. The average loan was for \$68,400. The median loan was for \$38,800. The largest loan was for

² The NH Alcohol and Drug Treatment Provider Locator lists a total of 404 providers. We excluded primary care providers, Federally Qualified Health Centers, Community Mental Health Centers, and mental health care providers. Cost calculations also do not include solo practitioners. It does not account for all providers in the state. See Methodology on pages 6-7.

³ See Methodology on pages 6-7 for more information.

\$231,500. The smallest loan was for \$9,300.

Employees of 7 respondents applied for unemployment before the survey was submitted, for a total of 42 employees.

No respondents applied for Medicaid Stimulus Funds.

Costs

Cancelled Events

11 respondents (47.83%) reported that their entities had to cancel events due to COVID-19. **Of those respondents, all lost expected revenue, or incurred costs that they cannot recover.** Events may include fundraisers as well as trainings and educational events.

The total expected revenue lost was \$449,500. \$15,500 in costs were incurred that cannot be recovered.

6 of the respondents that had to cancel events due to COVID-19 were small group practices. Their losses account for \$45,500 of lost expected revenue. Of that revenue, \$3,000 was not recoverable.

The average revenue lost from cancelled events was \$40,863.64 per respondent. The median revenue lost from cancelled events was \$22,000 per respondent.

If 47.83% of 122 SUD (58.35) treatment providers on the NH Drug and Alcohol Treatment Locator⁴ had to cancel revenue generating events with the average loss of \$40,863.64, providers would have lost \$2,384,393.39 in expected revenue. If they had to cancel revenue generating events with the median loss of \$15,500, providers would have lost \$904,425.00 in expected revenue. If even 25% (30.5) had to cancel revenue generating events at the average loss of \$40,863.64, providers would have lost \$1,246,341.02 in expected revenue (\$472,750.00 median).

What this means: Many SUD treatment providers in the Granite State are non-profit organizations. Much of their funding comes from donations – lost revenues from cancelled events significantly undermines their financial stability. In-person events cannot be rescheduled until it is safe to hold large gatherings again, making it difficult to plan for the next fiscal year.

Technology and PPE

17 of 23 respondents invested in new technology to see clients safely during the COVID-19 crisis, spending a total of \$94,863.90 by mid-May – additional costs may have since accrued.

The average cost of new technology purchased by respondents was **\$6,324.26**. The median was \$1,800. Small groups account for \$19,223.90 of technology investment costs.

If 73.91% of 122 (90.17) SUD treatment providers purchased technology at the average cost of \$6,324.26, providers will have spent \$570,258.52 on new technology as a result of COVID-19. If 50% of the 122 SUD treatment providers purchased technology, providers will have spent \$385,779.86 on new technology. If all 100% have had to purchase technology at the average price of \$6,324.26, providers will have spent \$771,559.72 as a result of COVID-19.

⁴ nhtreatment.org

If 73.91% of 122 SUD treatment providers purchased technology (90.17) at the median cost of \$1,800.00, providers will have spent \$162,306.00 on new technology as a result of COVID-19. If 50% had purchased it at the median cost of \$1,800, they would have spent \$109,800.00. If all 100% have had to purchase technology at the average price of \$1,800.00, providers will have spent \$219,600.00.

9 out of 23 (39.13%) respondents had spent money on personal protective equipment (PPE) by mid-May. As more entities re-open for in person services, we expect this number to rise.

The total cost of PPE was \$31,557. The average amount spent on PPE by each respondent was \$3,155.70. The median was \$625. Small groups account for \$750 of PPE costs.

If 39.13% of 122 (47.74) SUD treatment providers purchased PPE at the average cost of \$3,155.70, providers will have spent \$150,653.12 on PPE. If 50% of 122 SUD treatment providers (61) purchased PPE at the average cost of \$3,155.70, providers will have spent \$192,497.70 on PPE. If all providers purchase PPE at the average cost of \$3,155.70, they will have spent \$384,995.40.

If 39.13% of 122 SUD treatment providers (47.74) purchased PPE at the median cost of \$625, providers will have spent \$29,837.50 on PPE. If 50% of 122 SUD treatment providers (61) purchased PPE at the median cost of \$625, providers will have spent \$38,125 on PPE. If all providers purchase PPE at the median cost of \$625, they will have spent \$76,250.

What this means: SUD treatment providers needed to buy technology such as video conferencing licenses, video conference equipment, and telehealth support. Providers have had to pay thousands for technology and PPE to maintain operations, and for many organizations, finding that money within tight budgets meant cutting into cash reserves.

Staff Impacts

Most respondents have been unable to hire staff during this time. Only one has hired staff – 3 CRSWs. **6 respondents had to lay off staff following the emergency order through April.** 2 respondents had to furlough staff. 1 respondent has had to cut staff hours. Another respondent has lost \$1,300 in volunteer shifts per week.

The total dollar value of layoffs, furloughs, and cuts (including benefits and pension reduction) during this time as a result of COVID-19 was at least \$168,388.20. Not all respondents provided dollar values of staff changes.

To survive through October, 7 respondents reported that they will have to layoff additional staff, adding up to a dollar value of **\$672,505.** The average dollar value of layoffs through October is \$134,501. The Median is \$40,000.

Two additional providers expect they will have to lay off staff but are not yet sure how many staff members will be laid off. Four respondents are not yet sure what action they will have to take to survive through October but expect that their staff will be impacted.

What this means: The loss of revenue and increase in costs due to COVID-19 has forced SUD treatment providers to lay off staff. This may lead to limited treatment capacity in the future – meaning significant waitlists for SUD services. Without financial help, layoffs will continue, and some providers will close their practices.

Other Costs

Recovery Community Organizations are expected to lose a significant portion of their funding. They may need to fundraise in order to make up the lost revenue – but due to COVID-19, the ability to fundraise may be challenged. In-person events will not be possible due to social distancing policies. Many people are out of work and may have less money to donate.

Mt. Washington Supports Recovery Coalition:

*“In this climate when social distancing relaxes, we anticipate the need for recovery services to escalate. **Cutting funding at this time of need and after we have established real strong recovery momentum in NH is unacceptable.** Our org has just this week received its NH Medicaid providers credentialing. All our services to date have been free of charge. “*

Many respondents have reported that they have incurred additional costs in overtime hours for coverage of staff who have had to stay home due to underlying conditions or on doctor’s orders. Example: Headrest Inc experienced approximately \$5,000 in overtime costs between the implementation of the Stay at Home order and Mid-May, and they expect to incur least another \$10,000 in overtime costs by end of the fiscal year.

White Horse has recently leased a new location that they now cannot open. They have also had to close their retail operation. **They estimate this is costing them \$20,000 in lost revenue each month.** White Horse has also recently added a new air filtration system to its locations to make reopening safer at a cost of \$1,767.62, averaging out to \$589.21 per location. According to ImproveNet.com, average cost of installing an air filtration system may range from \$711 to \$2,799 nationally.⁵

If 122 providers receive financial assistance to install new air filtration systems at the cost of \$589.21, providers will spend a total of **\$71,883.62**. If 25% of 122 providers receive financial assistance to install new air filtration systems at the cost of \$589.21, they will spend \$35,941.81

The Families in Transition’s OutFITers Thrift Store had to close as well, resulting in a loss of \$13,000 to Families in Transition’s SUD programs.

Conclusion

As a result of COVID-19, many SUD treatment providers in NH will need assistance to maintain operations. Without financial support, recent growth to NH’s SUD treatment capacity will be severely eroded.

On behalf of NH SUD providers, we ask that the Governor’s Office for Emergency Relief and Recovery allocate between \$15 – 18 Million Dollars to stabilize and maintain the treatment capacity that Granite Staters have worked so tirelessly to build.

This request includes lost billed income and lost income from events, as well as reimbursements for costs of technology, PPE, and upgrades for safety.

Additionally, we ask that Recovery Community Organizations receive 100% of the funding that they would have received had the RFP for the Facilitation Organization been completely awarded.

We project that by October after 6 months of this crisis, small group and large group providers in NH will have lost at least **\$6,018,058.42** in insurance billed revenue.⁶ We project that during this same time period, solo practitioners at least **\$446,485.36** in billed revenue.⁷ It is possible the impacts of the crisis will carry well beyond October given that consumers may be hesitant to re-engage in treatment. We also estimate that NH

⁵ <https://www.improvenet.com/r/costs-and-prices/whole-home-air-purifier-installation-cost>

⁶ This number includes 122 large group and small group providers. It does not account for all providers in the state. See methodology.

⁷ This projected includes 45 LADCs and MLADCs. It may not account for all solo practitioners in the state. See methodology.

providers have spent or will soon spend at least \$537,480 (on technology costs to provide telehealth services) and at least \$118,650 on personal protective equipment. PPE costs will continue to accumulate until the COVID-19 crisis has passed.

SUD providers have also lost expected revenue as a result of cancelling events due to COVID-19. The loss of expected revenue from just the 11 of 24 respondents here who shared that they had to cancel events resulted in a total of \$449,500 lost income. If even 10% of providers in NH⁸ have had to cancel events, providers may have lost millions of dollars in revenue.

Providers have incurred additional costs as they make changes and improvements in order to keep staff and clients safe, such as installing new air filtration systems, and for providers with retail operations, closing their stores.

Methodology

The data was obtained via an online 12 question survey designed by Roland Lamy, Executive Director of the Community Behavioral Health Association. **View the survey questions below.** Question 2 had a checkbox response type asking the respondent to select all that apply. Question 3 had radio buttons allowing one choice. Questions 4 through 11 had short answer textboxes response types. Question 12 had an essay/long answer response type. The survey was taken via SurveyGizmo in Mid-May.

The survey was sent to all providers with email addresses on the NH Treatment Locator. The NH Providers Association to forward the survey to members as well. 24 providers responded to the survey. The data was analyzed using Microsoft Excel.

Lost Revenue

To determine how much insurance billed was lost, we used the revenue information we received from survey respondents, forecasted how the revenue would trend through October, and extrapolated the results to other providers based on location, size, and services offered.

The projected lost revenue is based on 122 small group and large group providers from the NH Treatment Locator. Solo medication assisted treatment practitioners are included, but other solo practitioners, such as LADCs and MLADCs, are not included. We excluded primary care providers, Federally Qualified Health Centers, Community Mental Health Centers, and mental health care providers from projections and cost calculations. Cost calculations also do not include solo practitioners.

Not all NH SUD providers may be accounted for on the NH Treatment Locator. The NH Treatment Locator website states “While the directory is comprehensive and updated routinely, it is not exhaustive and will be influenced by factors such as changes of location, service delivery, capacity, etc. There may be services available in the state that choose not to be listed in the directory.”

Costs

To determine how costs incurred by providers, we looked at the costs respondents have experienced and used the average and median to estimate the costs of all providers in NH.

We asked for financial support of technology costs for providers from a range of 73.91% of providers (the percent of respondents who had purchased technology as a result of COVID-19) to 100%, as we expect most, if not all, will have purchased technology at this point.

We asked for financial support for PPE for providers from a range of 39.13% of providers (percent of respondents who had purchased PPE) and 100%, as we expect that most, if not all, providers will have purchased PPE at this point.

We asked for financial support to cover lost revenue from cancelled events for 47.83% of providers (percent of respondents who cancelled revenue generating events).

We asked for financial support for safety upgrades at a range of 25% to 100% of providers.

Survey

1. Contact Information

Provider Name/Entity
 Contact Person
 Contact Phone Number
 Contact Email Address

2. Please indicate the service represented (check all that apply)

General Therapy
 Intensive Outpatient
 Peer Recovery Support
 Medication Assisted Treatment
 Partial Hospitalization
 Residential Treatment
 Other, please specify
 My entity also provides mental health care services

3. Please indicate the type of provider

Solo Practitioner
 Large Group or Treatment Center (10+ employees)
 Small Group (2-10 employees)

4. This Section is about Revenue trends - measured by your daily or weekly billings in month

Instructions: - Use Fee for Service Billing/Gross Charges to indicate impact in each of the following payer classes.

Date	Commercial Insurance Billed Revenue	Medicare Billed Revenue	Medicaid Billed Revenue	Total Insurance Billed Revenue
Jan (Jan 2020)				
Feb (Feb 2020)				
March (March 2020)				
April (April 2020)				

5. This section is about Medicare Stimulus Funds

Did your Entity Receive Medicare Stimulus Funding? (Y = Yes, N = No)
If yes, how much Medicare Stimulus Funding was received? (Enter amount or N/A)
On which date was such funding received? (Enter date or N/A)

6. This section is about the Payroll Protection Program and Unemployment

Did your entity qualify for Payroll Protection Program (PPP)? (Y = Yes, N = No)
If yes, how much did you receive from the Payroll Protection Program? (Enter amount or N/A)
On which date was such funding received? (Enter date or N/A)
If you did not file for PPP, did you file for unemployment? (Y = Yes, N = No)
If you filed for unemployment, how many people in your entity filed for unemployment? (Enter number)

7. This section is about events you or your entity may have had to change as a result of the COVID crisis

* Note: Events may include planned education sessions, conferences, Continuing Education, etc.
** Please only respond if added costs or lost revenue has occurred as a result of the COVID crisis or
Emergency Order

Did your entity plan any event that you had to cancel as a result of the crisis? (Enter amount or N/A)
If yes, and the event produced revenue, how much was lost? (Enter amount or N/A)
If yes, and the event made you incur costs that you cannot recover, how much? (i.e. travel, registration fees,
etc.) (Enter amount or N/A)

8. This section is about added costs resulting from the COVID crisis

Did your entity invest in technology to deal with the COVID 19 Crisis? (i.e. Telehealth support, EMR licenses,
Zoom, telephone, etc.) (Y = Yes, N = No)
If yes, please indicate the dollar investment made to support the above (Enter amount or N/A)
Did your entity purchase Personal Protection Equipment (PPE)? (Y = Yes, N = No)
If yes, please indicate the dollar investment made for PPE (Enter amount or N/A)
Have you hired additional staff resulting from this COVID-19 Crisis? (Y = Yes, N = No)

9. Costs continued: if you have hired additional staff as a result of the COVID-19, what type of staff did you hire and how many of each did you hire?

* Please only respond if you have hired additional staff as a result of the COVID crisis or Emergency Order
What is the amount of costs (salary & benefits) for those staff? (Enter amount)

How many staff in total were hired? (Enter number)
CRSW (Enter number)
LADC (Enter number)
MLADC/LCMHC/LICSW (Enter number)
MD (Enter number)
Business/Operations (Enter number)
Other (Please specify and enter number)

10. Staff Impacts: Describe the dollar value of any cuts/reductions ALREADY made in the following areas

Personnel Layoffs (Enter amount)
Personnel Furloughs (Enter amount)
Benefit Reductions (Enter amount)
Pension Reductions (Enter amount)
Other (Enter amount and please briefly describe)

11. Staff Impacts: Describe the dollar value of FURTHER cuts/reductions necessary to survive through October

Personnel Layoffs (Enter amount)
Personnel Furloughs (Enter amount)
Benefit Reductions (Enter amount)

Pension Reductions (Enter amount)
Other (Enter amount and please briefly describe)

12. This section is available to describe other COVID-19 impacts not noted above. Please only add items in this section that can be quantified with real \$.