

United States Senate

WASHINGTON, DC 20510

December 12, 2024

Christopher Hunter
Chief Executive Officer, Acadia Healthcare
6100 Tower Circle, Suite 1000
Franklin, TN 37067

Dear Mr. Hunter:

On March 12, 2024, we wrote to you about methadone for opioid use disorder (OUD) and posed ten questions about private-equity investment in your Opioid Treatment Provider (OTP). We are grateful for your response. But your response failed to address to the specific questions that our letter posed, and additional concerns have arisen that serve to exacerbate concerns that Acadia's profit motive is actively interfering with quality and safety of, and access to, behavioral health care.

Acadia is a publicly traded, for-profit company with a longstanding relationship to private equity firms. Acadia Healthcare was funded by private equity firm Waud Capital Partners (WCP) until 2017.¹ Acadia's founder and current chairman of the board of directors is Reeve B. Waud, founder and managing partner of WCP.² As highlighted in the March 12 letter, Acadia has actively advocated against the *Modernizing Opioid Treatment Access Act*, legislation endorsed by hundreds of organizations and clinicians that would expand access to methadone medication for opioid use disorder. In that letter, we outlined our concern that Acadia's opposition was primarily driven by concern for profit. In fact, Acadia has described legal and regulatory controls that enhance competition, as MOTAA would do, as a risk to the company's "business, financial condition, results of operations and cash flows."³

In addition to advocating against expanded access to life-saving medication for the treatment of opioid use disorder, Acadia reportedly overbilled for services that it did not provide, unlawfully detained patients, and has faced multiple recent investigations by the Department of Justice. Recent *New York Times* reporting revealed that employees will "at times falsify the

¹ Michael Fenne, *Private equity's drug war profiteering*, Private Equity Stakeholder Project (July 29, 2024), <https://pestakeholder.org/news/private-equitys-drug-war-profiteering/>.

² Board of Directors, Acadia Healthcare, <https://www.acadiahealthcare.com/investors/board-directors/>.

³ Annual Report to Stockholders, Acadia Healthcare (2023), <https://acadiahealthcare.gcs-web.com/static-files/ac7a36cd-f8e3-47e7-904d-e47f5b0eb48c>.

medical records that Acadia uses to bill insurers” at Acadia OTPs.⁴ Rather than providing high quality care to patients, Acadia cut staff, overloaded existing counselors, and pressured clinics to meet their productivity goals.⁵ Separate reporting described a patient in Indiana held for a week after seeking therapy. Dozens of patients in Georgia were held without reason.⁶ Some patients were held until their insurance payments ran out, even if it was clinically appropriate for the patient to leave earlier.⁷ In effectively taking these patients hostage, Acadia could then charge them thousands of dollars per day for their stay.⁸

The Department of Justice also recently announced that Acadia would pay \$20 million to settle allegations that Acadia “knowingly bill[ed] for medically unnecessary inpatient behavioral health services or for services that did not meet federal and state regulations” between 2014 and 2017.⁹ Per these allegations, Acadia improperly admitted patients for inpatient treatment, “knowingly failed to provide adequate staffing, training and/or supervision of staff,” and these failures resulted in harm to patients.¹⁰ Yet another set of federal investigations into Acadia billing and admission practices was announced one day after the settlement announcement.¹¹ Acadia has also previously settled cases with federal prosecutors for overbilling and hiring staff without appropriate credentials at its OTPs.¹²

These repeated incidents raise serious concerns regarding Acadia’s prioritization of profit over patient health and safety. We request your written responses to the following questions, many of which were posed in March 2024 but left unanswered, by January 10, 2025:

1. Please provide a comprehensive overview of any current or previous private equity investment in your OTP, including the date of the investment, the geographic location(s) of the investment, the name(s) of the private equity firm(s) involved, and a summary of the non-confidential terms and conditions of the investment. Please also provide any term sheet.

⁴ Katie Thomas and Jessica Silver-Greenberg, *Fraud and Fakery at the Country’s Largest Chain of Methadone Clinics*, N.Y. Times (Dec. 7, 2024), <https://www.nytimes.com/2024/12/07/health/acadia-methadone-clinics-fraud.html>.

⁵ *Id.*

⁶ Jessica Silver-Greenberg and Katie Thomas, *How a Leading Chain of Psychiatric Hospitals Traps Patients*, N.Y. Times (Sept. 1, 2024), <https://www.nytimes.com/2024/09/01/business/acadia-psychiatric-patients-trapped.html>.

⁷ *Id.*

⁸ *Id.*

⁹ Press Release: Acadia Healthcare Company, Inc. To Pay \$19.85M to Settle Allegations Relating to Medically Unnecessary Inpatient Behavioral Health Services, Dept. Of Justice (Sept. 26, 2024), <https://www.justice.gov/opa/pr/acadia-healthcare-company-inc-pay-1985m-settle-allegations-relating-medically-unnecessary>.

¹⁰ *Id.*

¹¹ Jessica Silver-Greenberg and Katie Thomas, *Acadia Healthcare Says it Faces New Federal Investigations*, NY Times (Sept. 27, 2024), <https://www.nytimes.com/2024/09/27/business/acadia-federal-investigations.html>.

¹² Thomas, *supra* n. 4.

2. What specific objectives or goals were outlined in the agreement for OTPs when private equity firm investment was involved? Do these objectives remain in place? How have these objectives been tracked and measured over time?
3. What is the total amount of capital that the private equity firm(s) invested in your OTP, if any? How has this investment been allocated within the OTP, and what key areas or projects have received funding as a result of the private equity investment?
4. Please provide an overview of the financial performance and profitability of the OTP before and after any private equity investment. Please include relevant financial metrics and any changes in revenue, expenses, or profit margins.
5. Has your OTP made any modifications to the criteria or guidelines for prescribing or dispensing methadone since any private equity investment? If so, please identify them.
6. Since any private equity investment, has there been any involvement by the private equity firm(s) or individuals employed by private equity firms in any decisions regarding clinical practices? If so, please describe that involvement.
7. Since any private equity investment, have there been any updates or enhancements to the training programs provided to OTP staff involved in methadone prescribing and dispensing? If so, please describe them.
8. Has any private equity investment influenced patient education and counseling regarding methadone usage, potential side effects, and associated risks? If so, how?
9. Please provide data on patient outcomes specifically related to methadone treatment, both pre- and post- any private equity investment, including data on key performance indicators related to patient success rates, relapse rates, and overall satisfaction. Have there been any notable improvements or challenges in patient outcomes linked to methadone treatment since the involvement of private equity?
10. How has any private equity investment affected the OTP's compliance with state and federal regulations governing the use of methadone in opioid treatment programs? Are there any specific challenges or successes related to regulatory compliance that can be attributed to private equity investment?
11. What local, state, and federal funding has Acadia or Acadia-owned facilities received since 2014?
12. Please provide information pertaining to any complaints, inspections, and investigations since 2014, including, but not limited to:
 - a. Records of any inspection or investigation pertaining to Medicaid/Medicare fraud, reports of sexual or physical abuse, federal civil rights laws including the Americans with Disabilities Act, Individuals with Disabilities Education Act, and Section 504 of the Rehabilitation Act.
 - b. Records of any inspection or investigation by any federal, state or local entity, including findings and the status of any corrective actions (including complaints about maintenance of facilities and lack of supplies).

- c. Records of any complaint received pertaining to services provided as well as the results of any related investigation or inspection and any corrective actions taken.
 - d. For the above, please include any facilities that have closed and been reopened under different names
13. Please provide the following information pertaining to allegations of mistreatment, maltreatment, abuse, or neglect at Acadia facilities since 2014:
- a. Aggregate number of incidents per year
 - b. Procedures in place for reporting to local, state, or federal agencies
 - c. Procedures in place for patient or staff reporting of mistreatment, maltreatment, abuse, or neglect.

Thank you in advance for your attention to these requests.

Sincerely,



Edward J. Markey
United States Senator