



Testimony of Danielle Gray, Executive Director, Ohio Recovery Housing

Chairman Click, Vice Chair Mullins, Ranking Member Brewer, and members of the House Community Revitalization Committee, thank you for the opportunity to provide testimony today. My name is Danielle Gray, and I am here on behalf of Ohio Recovery Housing, a statewide non-profit organization dedicated to ensuring access to quality recovery housing for individuals in need.

We appreciate the commitment shown by this committee and the sponsors of House Bill 58 to improve the quality of recovery housing in Ohio. We share the same goal: to ensure that every Ohioan seeking a recovery residence has access to a safe, supportive, and high-quality home in a community of opportunity. For over a decade, Ohio Recovery Housing has been at the forefront of advocating for and implementing quality standards in recovery housing.

Our organization started as a group of dedicated operators who were committed to quality. They recognized that there were bad actors in this space who were harming communities and families, and they wanted a way to set themselves apart and let people know that individuals who chose them would receive high quality housing and recovery support. Ohio Recovery Housing started a completely voluntary certification program in 2015. Since then, we have evolved the program to meet changing needs and demands.

While we appreciate the intent behind HB 58, we strongly oppose this legislation as it is currently drafted because we believe it will have unintended consequences that will ultimately harm those it seeks to help.

What is Recovery Housing?

Recovery housing is defined in the Ohio Revised Code 5119.39

a residence for individuals recovering from alcohol use disorder or drug addiction that provides an alcohol-free and drug-free living environment, peer support, assistance with obtaining alcohol and drug addiction services, and other recovery assistance for alcohol use disorder and drug addiction.

In recovery housing, treatment is accessed as needed to help residents maintain recovery and a living environment free of illicit drugs and alcohol. In recovery housing there is a resident-driven length of stay, as defined in Chapter 340 of the Ohio Revised Code. Residents in recovery housing also can choose their treatment program, and they can stay in the home before, during or after treatment has concluded.



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It is their home, not a treatment center. If a person ends treatment or switches treatment providers, they still get to maintain their housing, and they still get the critical recovery support and workforce support services offered in the recovery housing setting.

How Recovery Housing is Funded

I want to dispel a powerful myth. **Medicaid does not pay for housing.** Therefore, Medicaid does not pay for recovery housing. Medicaid pays for clinical treatment services.

I understand why there is confusion and why many people believe that Medicaid is paying for housing. There are some treatment providers who offer outpatient treatment programs and then also pay for a person to have a place to sleep while they are in treatment. These programs pay for the housing with revenues from billing for outpatient treatment and other services. In these arrangements a person may only get housing if they are getting treatment services. They must leave the housing if they are no longer eligible or no longer interested in treatment services, because if they are no longer engaged in these services, there is no longer revenue to support the housing.

Many of these programs provide high quality care and support, and their housing is safe, monitored and supported. These programs operate this way because other funding options are extremely limited, and resources are needed to pay for the housing that individuals need to fully engage in treatment. As you can imagine, it is almost impossible to focus on your treatment if you are without shelter and worried about where you will be sleeping that night, or if you are currently living with others who are using alcohol or illicit drugs.

At the same time, bad actors also have entered the space and are doing the same thing, but without prioritizing quality of care. Bad actors can treat individuals as cost centers, billing Medicaid for services and only offering housing as an inducement to participate in treatment services. Bad actors do not maintain the housing – often placing as many people as possible in the housing to reduce costs and maximize profits. They do not provide appropriate oversight, leading to issues with the local community.

Let me be clear: these arrangements are NOT recovery housing residences, no matter what they decide to call themselves. These arrangements, whether performed by good or bad actors, are simply a housing environment for a person to live while they engage in treatment services.

Since they are not recovery housing, HB 58 does not address these models or actors.

Ohio Has Already Established Oversight of Recovery Homes



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Ohio has worked tirelessly for over a decade to build a statewide oversight structure, culminating in the reforms passed in HB 33, which was enacted in July 2024 and went into effect on January 1, 2025.

That legislation

- Required the implementation of consistent quality standards and oversight at the state level as evidenced by credentialing under the authority of the Ohio Department of Mental Health and Addiction Services
- Established a registry of recovery homes.
 - To be on this registry, homes must be appropriately credentialed.
 - Recovery homes must be credentialed and on the registry to operate, receive referrals or receive funding.
 - Treatment providers licensed or certified by OhioMHAS cannot refer to a recovery home that is not on the registry.

Ohio Recovery Housing is privileged to be one of the entities that provides an appropriate credential. The other entity is Oxford House. We have also been informed that OhioMHAS is currently accepting Commission on Accreditation of Rehabilitation Facilities (CARF) accreditation for community living for those who had obtained this accreditation prior to January 1, 2025.

The Certification Process is Rigorous and Based on Nationally Recognized Standards and Best Practices

As one of the credentialing entities in Ohio, we have developed and maintained a review process based on the standards set by the National Alliance of Recovery Residences that includes three steps:

1. A detailed review of an organization's policies and procedures
2. An onsite interview to ensure that the appropriate policies are being implemented in practice, and
3. An in-person review of each dwelling to ensure the physical property meets our measures.

We updated and enhanced our certification program as it transitioned from being a voluntary certification to one that is recognized by the state of Ohio as meeting a legal requirement. The requirement to be appropriately credentialed went into effect on January 1, 2025.



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To provide clarity on the certification requirements, I have included a copy of our review process measures with this testimony. As you can see, these are large documents that contain all of the measures that a home must meet based on their Level of Support. We also have some additional measures if a home allows children to live in the home with their parents.

The Certification Process Ensures That Homes comply with Local Building and Zoning Codes

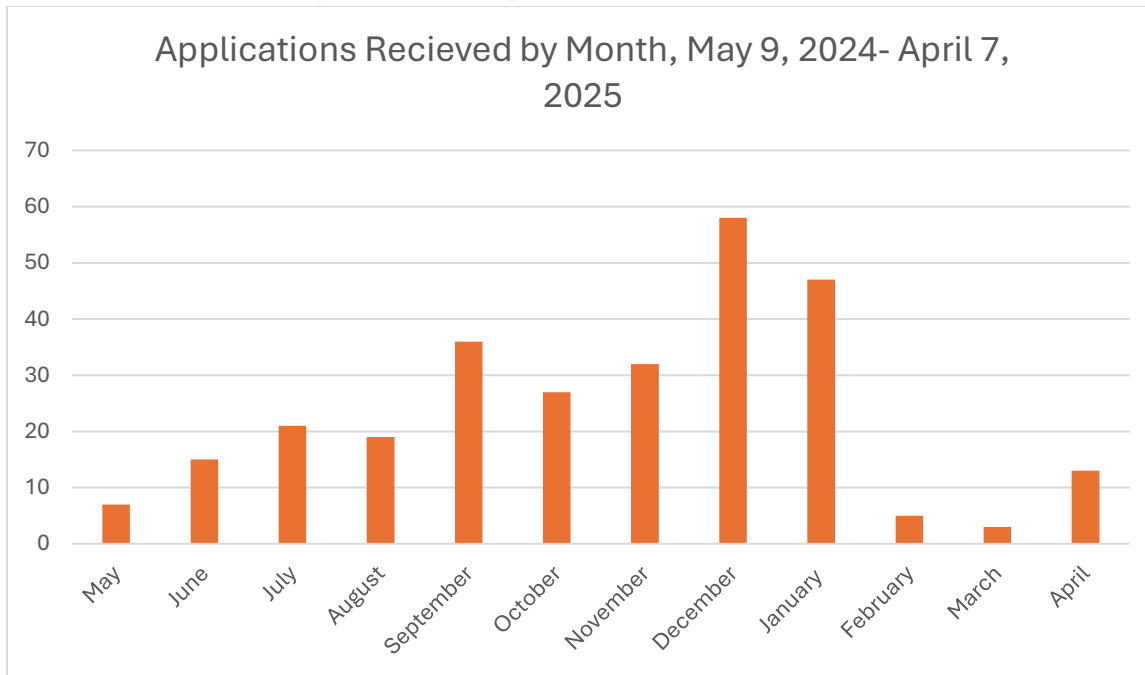
I have heard concerns regarding operators following building and zoning codes. It is the responsibility of each home to pursue compliance with local building and zoning requirements in collaboration with their local authorities and to be certified each operator is required to sign an attestation that they are meeting all local building and zoning codes. If ORH learns that an operator is not meeting these codes, we can investigate the matter. Our goal is to work with them to ensure that they are meeting local building and zoning codes, but if the organization remains out of compliance, it is considered a violation of our quality measures, and we must either deny or revoke certification.

Recovery homes serve people with disabilities. Which means the residents are considered a protected class under federal and state fair housing laws. This does not mean that residents of recovery housing can ignore local ordinances, zoning and building codes. However, it does mean that residents or the operators of the homes, on behalf of their residents, can request reasonable accommodation from local buildings and zoning codes to ensure that they have equal access to housing.

ORH requires that homes that need reasonable accommodation from such local laws use the legal process that is in place to request such accommodations.

Evidence That HB 33 is Improving the Quality of Homes

Ohio Recovery Housing has seen a dramatic increase in the number of applications for certification.



Even with more than a year of notice, many organizations waited until the last minute to submit their applications, and we are working our way through a list of over 180 organizations seeking certification at this time. It will take us several months to get through this list, but we are committed to ensuring that each application is reviewed with the care and attention it deserves. We are actively recruiting and training additional staff to assist with this process.

Ohio Recovery Housing works diligently to assist organizations in meeting the quality standards. We do not want to shut down recovery homes. We want them to be able to meet the standards for quality and be a resource in their communities. We are aware that many homes are frustrated with the length of the certification process, but this is because we often require that the organization make changes in order to meet the quality standards. Change takes time. We need to ensure that the changes are fully implemented prior to awarding certification.

In addition to the certification process, we offer many in-person training courses throughout the state, as well as live, online and on-demand training courses that can be taken any time. We have responded to hundreds of individual requests for assistance outside of the certification process to help operators come up to quality standards.

We want to see these operators succeed.



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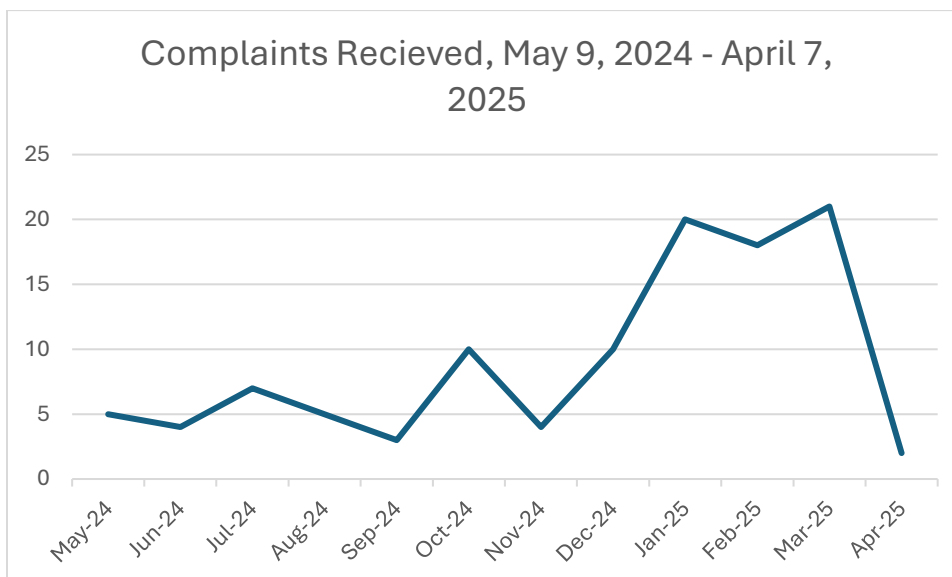
However, even with all of this support, there are still some organizations that do not meet the standards.

In the past year, we rejected 25 applications for certification because they did not contain appropriate or sufficient information for the organization to participate in our review process. Another eight organizations had their applications lapse because they did not respond to our requests for information or quality improvements that were needed, or they did not submit their application for renewal. We also had to deny certification to three organizations that participated in the entire process and were unable to correct issues related to quality in order to be certified.

We have notified the Ohio Department of Mental Health and Addiction Services of each adverse action. Our belief is that the Department intends to refer these homes to the Attorney General for appropriate legal action.

We are Actively Addressing Recovery Housing Complaints

We maintain a process to address complaints, in which anyone can submit a complaint to ORH. We will review the complaint and take appropriate action, including removing the certification if it is warranted. The data presented in this testimony reflects complaints received since we entered into a formal contract with the Ohio Department of Mental Health and Addiction Services in May 2024 to be the main entity responding to complaints related to recovery housing in Ohio. As you can see, we have received an increase in complaints starting in December and January. We believe that this is because the law went effect January 1, 2025, so, if we heard about uncertified homes prior to January 1, 2025, there was very little that could be done to address the issue.





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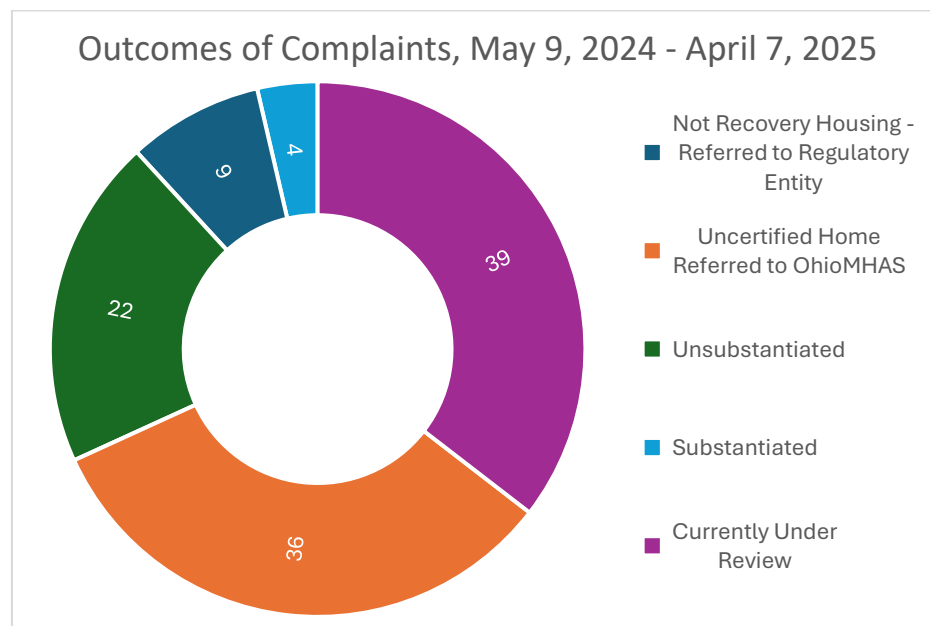
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As of April 7, 2025, we have received a total of 109 complaints.

Of the complaints received, nine of them did not involve recovery housing, but other services, such as halfway houses that are regulated by the Ohio Department of Rehabilitation and Corrections. ORH connected the complainants with the process of submitting complaints to the appropriate entities. Twenty-one complaints were not able to be substantiated. Twenty-nine complaints concerned uncertified recovery homes, and these were referred to the Ohio Department of Mental Health and Addiction Services for appropriate action, along with any other information and resources through ORH.

Of the complaints received about ORH certified entities, four complaints were substantiated. One organization completed a quality improvement plan, two organizations are currently completing quality improvement plans, and one had their certification revoked. OhioMHAS was notified of the loss of certification.

Ohio Recovery Housing is currently in the process of reviewing 39 of the complaints.



House Bill 58 Will Disrupt This Process and Take Us Backward

We have done so much as a state and in local communities to increase the quality of recovery housing in Ohio. As much as I believe in the goals of the bill sponsors, HB 58 as currently drafted would take us backward and undo all of our progress.

House Bill 58 will Disrupt the Statewide Oversight System, Creating Confusion



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The way HB 58 is currently drafted, local county alcohol, drug and mental health boards (Boards) would perform the functions of reviewing complaints while the credentialing and registry remains under the purview of OhioMHAS.

Separating the complaint investigation system from the credentialing system makes no sense.

Under HB 58, Boards would be responsible for investigating complaints, but they would not have the ability to remove the credential. Likewise, the credentialing entities would not have the ability to contract with the state to investigate complaints.

Making the boards responsible for complaints while other entities are responsible for credentialing would make it difficult for people to know and understand where to go with their complaints. It would also complicate things if multiple entities, each with their own standards of quality, were investigating the same matter. Taking swift action would be difficult.

Decentralizing complaint investigations would create a system where it would be extremely difficult to remove a credential from a bad actor, allowing them to continue to operate and harm Ohioans.

House Bill 58 will Create an Inefficient and Duplicative Process

In addition to disrupting the complaint process, Boards would also be responsible for performing an additional, duplicative annual inspection and reporting any findings.

It is unclear what standards or measures would be used by the local boards or what would be done with the findings once reported to the state. The way HB 58 is drafted, the credentialing of the recovery homes remains with the state. So, the actions of the local boards would be completely duplicative and may have no impact on the recovery home's ability to obtain or retain a credential. This duplicative regulation is costly for both local government and the recovery homes.

If the intention is to shift the entire responsibility of certification and complaint investigation to boards, we are concerned that the boards do not have sufficient expertise in this area and would need significant resources and time to develop standards or measures. It has taken ORH a decade to develop, refine and implement this process. It is difficult to perceive a scenario in which Boards would be able to implement a process without investing significant time, energy and funding into reinventing the wheel—developing their own standards and measures, hiring and training staff, and appropriately educating operators so it is possible to meet the requirements.



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The hundreds of operators who have worked hard to meet the existing requirements would then have to meet entirely new standards. With so many boards, there would likely be many different standards to meet, causing confusion across the system of care.

House Bill 58 Would Likely Be Expensive, with Insufficient Funds Identified to Pay the Cost

The fiscal analysis for House Bill 58 notes that there are many unknowns about the fiscal impact the bill.

The way the bill is written, the only fees collected would be those related to the establishment of new recovery homes or for those that are engaging in specific expansion activities.

We are very concerned that the level of these fees would not be sufficient to fund the requirements in HB 58. Fees will need to fund staff positions at OhioMHAS to review and issue decisions about Certificates of Need and monitor the Certificate of Need process, but also to fund all 50 Boards to have additional staff to perform consistent annual reviews and investigate complaints.

We are concerned that if HB 58 passes, OhioMHAS and local boards will have to use funds previously dedicated to other important work if they are to meet the bill's requirements.

If the fees are raised, or if a "bed tax" is imposed, it would be devastating for operators. We have heard from previous testimony that there should be a fee of about \$0.68 per day per bed on recovery housing. Currently, most operators charge about \$95 per week for recovery housing. This is less than \$14 per day. While \$0.68 per day does not seem like much, it is a nearly 5% increase for a resident of a recovery home. Any person would find it difficult to face a 5% increase in the cost of housing.

The Certificate of Need Program for Recovery Housing in Ohio Would Be Ineffective

The proposed certificate of need program for recovery housing is based off of a similar program used for nursing facilities. Recovery housing is not a nursing facility.

It is unclear how OhioMHAS will decide if a home is needed. Currently, nursing homes use Medicaid and other data to determine need. This is an inappropriate way to determine the need for recovery housing because Medicaid does not pay for housing, and people need the recovery housing services before, during and after they receive any Medicaid reimbursable services.



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The Certificate of Need program would place barriers on recovery housing. **This bill is very clear: it only addresses recovery housing. It does not do anything to address the situation where there are treatment providers offering housing only while outpatient clinical treatment services are being offered. Those operators would continue to operate.**

Indeed, we anticipate that the additional barriers put in place would cause many recovery housing operators to shift to this model to avoid the additional administrative barrier of applying for a certificate of need.

We Can Improve HB 58

Instead of building upon a strong existing foundation, this bill undo much of Ohio's hard-won progress, leading to confusion, inconsistencies and increased costs, all while bad actors take advantage of the confusion and continue to operate and exploit vulnerable Ohioans.

We can improve this bill. We can achieve the noble goals laid out by the sponsors and improve recovery housing and reduce bad actors.

- **Criminal Penalties for Violating Existing Law Would Allow for More Serious Consequences and Local Control**

One thing we can do is add criminal penalties for operating a recovery housing residence that is not meeting the credential requirements. Not only are criminal penalties more severe, deterring bad actors, they would give local prosecutors the ability to go after bad actors without waiting for Ohio Recovery Housing, the Ohio Department of Mental Health and Addiction Services or the Attorney General. Local authorities would be able to respond to any complaints or alerts that they get about unregistered recovery homes. If a home loses certification, they would be able to act immediately.

- **It is Time for a Serious Discussion about Funding**

It is also time to engage in a meaningful discussion of appropriate funding for recovery housing. Again, both well-intentioned individuals and bad actors are using Medicaid workarounds as a source of funding for housing because other resources to fund the housing are simply not enough to meet the need. We need to have deep and meaningful conversations about how to fund this critical recovery support to ensure that we protect the investment we are making when we provide expensive clinical treatment services.



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Part of this means ensuring Ohioans have what they need to enter recovery, maintain or rejoin the workforce and be an active part of our economy.

In past budgets, Ohio set aside a mere \$3 million per year for recovery housing. In the current budget, these dollars have collapsed into a larger bucket, with no guarantee that they will be spent on this critical resource. With this decision, we will see even fewer dollars allocated to recovery housing, and the funding models that require treatment as a component of the housing program will only grow.

- **We Need to Educate Local Communities**

We often find that local governments are unfamiliar with recovery housing, how it is regulated and what exactly they need to do to ensure access to housing. Local governments can be made more aware of the benefits of this recovery support and how it impacts communities.

Additionally, there are many communities in Ohio that actively oppose the establishment of recovery housing in their community and have sufficient resources to place costly legal barriers to establishing recovery homes there.

When everyone says they do not want recovery housing in their backyards, the recovery homes will go to the few places where they are able to be located – often, Ohio’s most low-income areas.

The intention of House Bill 58 is to ensure that homes are established throughout the state and not just concentrated in specific areas. If we truly want to address this issue, we need to have a discussion about educating our local communities and working together so all communities are welcoming instead of blocking this recovery support.

Conclusion

We believe that these approaches can help us reach our shared goal of ensuring safety and quality in recovery housing residences in areas where they are needed, supported by funds that lead to positive outcomes for Ohio’s economy.

We agree entirely with the bill sponsors that bad actors have already been given too much time to operate in Ohio. So, please, do not take us backward and restart our efforts in addressing the issue. Instead, let us strengthen and improve what is already in place and have the tough conversations that we need to have.

Thank you for your time and consideration. I welcome any questions you may have.