

Acadia Healthcare Says It Faces New Federal Investigations

Shares of the company, one of the largest chains of for-profit psychiatric hospitals, were down 25 percent at one point.



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Acadia Healthcare, one of the country's largest chains of for-profit psychiatric hospitals, is facing a fresh round of federal investigations into how the company admits patients and bills for their stay, the company disclosed on Friday.

The company, which operates more than 50 psychiatric hospitals nationwide and gets much of its revenue from government insurance programs, said that federal prosecutors in Manhattan this week requested information from the company and that it also received subpoenas from a federal grand jury in Missouri. Acadia said it expected to receive similar inquiries from the Securities and Exchange Commission.

The news rattled investors. Acadia's stock price fell more than 25 percent on Friday morning before trimming some losses.

The federal investigations followed a recent New York Times investigation that found that Acadia was holding patients against their will in ways that appeared to violate state laws. The Times reported that some patients arrived at emergency

rooms seeking routine mental health care but then were sent to Acadia facilities and locked in.

The Times investigation was based on official complaints, court records and interviews with dozens of current and former Acadia employees, as well as patients who found themselves trapped inside the company's facilities.

The news of the federal investigations came a day after the Justice Department announced that Acadia had agreed to pay nearly \$20 million to settle claims that it had defrauded government health insurers by holding patients longer than medically necessary and admitting people who didn't need to be there. Once patients entered its facilities, the government said, Acadia failed to provide therapy and kept staffing dangerously low, leading to assaults and suicides.

Under the settlement, Acadia agreed to pay the federal government as well as four states — Florida, Georgia, Michigan and Nevada — to resolve allegations that the company had violated state laws.

Acadia did not admit wrongdoing in that case, which covered conduct from 2014 through 2017.

Acadia said on Friday that the new round of federal subpoenas and information requests were related to its admissions, length of stay and billing practices and that the company was fully “cooperating with authorities.” It added that the company “cannot speculate on whether the outcome of these investigations will have any impact on its business or operations.”

Acadia also said that the experiences of patients described in The Times article were “completely inconsistent with Acadia's policies” and that “all decisions on patient care, including whether treatment is necessary and for how long, are made by licensed physicians” and follow the law.

The Times reported on Thursday that several former Acadia employees in Georgia and Missouri have recently been interviewed by agents from the F.B.I. and the inspector general's office of the Health and Human Services Department.

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