

# SENATE BILL REPORT

## SB 5328

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As Reported by Senate Committee On:  
Health & Long Term Care, January 27, 2021  
Behavioral Health Subcommittee to Health & Long Term Care, February 5, 2021  
Ways & Means, February 19, 2021

**Title:** An act relating to clubhouses for persons with mental illness.

**Brief Description:** Concerning clubhouses for persons with mental illness.

**Sponsors:** Senators Lovelett, Dhingra, Darneille, Das, Frockt, Nguyen, Nobles and Wilson, C..

**Brief History:**

**Committee Activity:** Health & Long Term Care: 1/27/21 [w/oRec-BH].

Behavioral Health Subcommittee to Health & Long Term Care: 1/29/21, 2/05/21 [DP-WM].

Ways & Means: 2/17/21, 2/19/21 [DP].

**Brief Summary of Bill**

- Requires the Health Care Authority to seek a state plan amendment to incorporate the clubhouse modality into the Medicaid state plan by December 31, 2022.
- Requires clubhouses to be accredited by Clubhouse International or be in the process of pursuing accreditation in order to participate in funding under the Medicaid program.
- Requires the Department of Health to work with stakeholders to streamline behavioral health agency licensing requirements for clubhouses and other peer-run organizations by December 31, 2021.

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**SENATE COMMITTEE ON BEHAVIORAL HEALTH SUBCOMMITTEE TO HEALTH & LONG TERM CARE**

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

Signed by Senators Dhingra, Chair; Wagoner, Ranking Member; Frockt, Nobles and Warnick.

**Staff:** Kevin Black (786-7747)

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## SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Capital; Robinson, Vice Chair, Operating & Revenue; Wilson, L., Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Schoesler, Assistant Ranking Member, Capital; Braun, Carlyle, Conway, Darneille, Dhingra, Gildon, Hasegawa, Hunt, Keiser, Liias, Mullet, Muzzall, Pedersen, Rivers, Van De Wege, Wagoner, Warnick and Wellman.

**Staff:** Corban Nemeth (786-7736)

**Background:** Clubhouses. A clubhouse is a member organization which offers vocational training, wellness programs, employment opportunities, participative community, and an end to isolation for persons whose lives have been severely disrupted by mental illness. The first clubhouse was developed in the 1940s by a group of patients at Rockland State Hospital in Orangeburg, New York, who met to create a respectful supportive group space to foster wellness in a "club room" at the hospital. The group continued meeting after the patients' discharge on the steps of the New York Public Library. In 1948, the patients and their supporters purchased a property in New York City known as Fountain House, which became the first clubhouse. The clubhouse modality has been recognized as an evidence-based practice by the United States Substance Abuse and Mental Health Services Administration since 2011, by inclusion in its Evidence-Based Practice Registry, for clubhouses that follow the International Center for Clubhouse Development (ICCD) model.

Clubhouse International. Clubhouse International is an organization established in 1994, to help start and grow clubhouses around the world through the creation and accreditation of clubhouse rehabilitation programs. Clubhouse International provides trainings, engages in research, public awareness campaigns, and advocacy, publishes quality standards, and hosts an annual conference. Clubhouse International accredits clubhouses to the ICCD model, developed in 1989, to be the basis for clubhouse accreditation. Clubhouse International accredits over 300 clubhouses in over 30 countries.

The Medicaid State Plan. The Medicaid state plan is an agreement between the State of Washington and the federal government to provide Medicaid services to eligible citizens of the state. Expenses are shared through a mix of state and federal funding, sometimes called federal matching funds or Federal Medical Assistance Percentages (FMAP). Federal law creates certain mandatory services which must be included in a Medicaid state plan, and other optional services. Rules for the Medicaid program based in federal law can

sometimes be altered by waivers granted to the state from the federal government. The rates that the state pays to reimburse providers for services are determined by the state within parameters established by actuaries approved by the federal government, based on the breadth of services included in the state plan and the actuaries' view of fair and adequate compensation for the providers of those services. Amendments to the Medicaid state plan require approval by the federal government before FMAP can be applied. The federal government has approved Medicaid state plan amendments that incorporate clubhouse services under the ICCD model in the states of Michigan and Indiana.

Clubhouses in Washington. Washington provided Medicaid funding for clubhouse services between 2005-2012. The state did not at the time require clubhouses to be accredited to the ICCD model. Medicaid funding for clubhouses was then cut in the Great Recession. Certain clubhouse programs have persisted in Washington by using other funding sources, and by adapting to provide service modalities, such as supportive housing, supportive employment, and day treatment services, which are not part of the ICCD clubhouse model, but which are included in the Medicaid state plan. In 2017, the state resumed its support for clubhouses by appropriating state funding of \$1.3 million per year starting in fiscal year 2018 to the Health Care Authority (HCA) to support new clubhouse programs. HCA was instructed to develop options and cost estimates to implement clubhouse programs statewide through a Medicaid state plan amendment or by seeking a Medicaid waiver. In the 2019 biennial budget the state fund appropriation for clubhouses was increased to a total of \$5.4 million, and HCA's instruction was changed to explore opportunities to include clubhouse services in the Medicaid state plan using a different strategy called an optional "in lieu of" waiver. HCA has not moved forward with incorporating clubhouse services in the Medicaid state plan, and is instead using the state proviso funding to provide support grants to 14 programs, including both clubhouses and other peer-run programs, of approximately \$150,000 per year with no FMAP. Clubhouse programs receiving this grant are not required to seek accreditation from Clubhouse International or follow the ICCD model. Clubhouse operating expenses beyond the state grant must be obtained from other funding sources, or sought through strategies such as using the clubhouse facility to pursue other modalities that have been included in the Medicaid state plan.

**Summary of Bill:** HCA must seek a state plan amendment and any additional steps necessary to incorporate the clubhouse modality into the Medicaid state plan by December 31, 2022. Participation in Medicaid funding must require the clubhouse to be accredited by Clubhouse International or pursuing accreditation by that body.

Clubhouse services from clubhouses accredited by Clubhouse International, or pursuing accreditation by that body, are added to the list of mental health disorder services which may be funded by a managed care organization or behavioral health administrative services organization.

The Department of Health must work with stakeholders to identify changes to behavioral health agency licensing rules to streamline requirements for clubhouses and other peer-run

organizations and adopt rule changes by December 31, 2021.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony (Behavioral Health Subcommittee to Health & Long Term Care):** PRO: Mental health affects people across all spectrums. Many people are suffering right now. Something that exacerbates this is isolation which comes from not being around people who understand the situation that you are in. Clubhouses provide peer-to-peer support and wraparound services that help people reach the highest level of functioning they can achieve. Friends I know with mental health crises have not been able to find placement or facilities to help them. Clubhouse provides a restorative environment. This bill will help fund clubhouses efficiently and sustainably through leveraging federal dollars. We are in favor of streamlining licensing. Studies show people who participate have reduced costs to the Medicaid program and improved employment and other outcomes. The most effective clubhouses are accredited. Most programs in Washington are unable to access any Medicaid funding. At my clubhouse we practice hope, empowerment, relationships, and opportunity every day by working together side-by-side. It was the first place where I met people who understood what I was going through. They also helped me with housing. Now I am working on returning to employment as a technical writer. HERO House helped me find resources for my son who had a psychotic breakdown at age 17. He used to isolate himself, but he found confidence and got a job which put him back on track. Hospitals, medicine, and doctors do not heal people. People heal people.

**Persons Testifying (Behavioral Health Subcommittee to Health & Long Term Care):** PRO: Senator Liz Lovelett, Prime Sponsor; Kailey Fiedler-Gohlke, HERO House NW; Lisa Coleman, Bellevue Clubhouse; Scott Rerucha, HERO House NW Kirkland.

**Persons Signed In To Testify But Not Testifying (Behavioral Health Subcommittee to Health & Long Term Care):** No one.

**Staff Summary of Public Testimony (Ways & Means):** PRO: Clubhouse programs are currently at risk due to lack of funding, and this would preserve the operations of the fourteen existing Clubhouses. The Clubhouse model is a necessity for recovery. The recovery process is important. The biggest problem in mental health treatment is isolation. Employment at a Clubhouse was the start of my son's recovery. Without Clubhouses, people end up in hospitals, prisons, or the street. This is an important investment.

**Persons Testifying (Ways & Means):** PRO: Kailey Fiedler-Gohlke, HERO House NW;

Scott Rerucha, HERO House NW.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.