

Joint Legislative Public Hearings On the 2024-2025 Executive Budget

Proposal Testimony before

The New York State Senate Finance Committee

And

The New York State Assembly Ways and Means Committee on the Mental

Hygiene Budget

Fountain House

Thank you for this opportunity to present Fountain House's testimony concerning the State's budget for the upcoming fiscal year. Fountain House is a national nonprofit that fights to improve health, increase opportunity, and end social and economic isolation for people most impacted by mental illness.

Since our inception, Fountain House has used a community-based social rehabilitation program and pioneered the "clubhouse model." The clubhouse model starts with the idea that "community is therapy," with each clubhouse being a community-based location designed to support the recovery and mitigate social isolation of people living with serious mental illness. Each clubhouse provides a therapeutic environment for people whose lives have been severely disrupted because of their mental illness. Given the need for additional clubhouse locations across New York City, Fountain House is applying to start two new clubhouses. Fountain House also operates a clubhouse in Los Angeles.

We work with 1,500 to 2,000 members at our Manhattan location and 200 members at our Bronx location. We use the term "member" to reflect the voluntary, community-based nature of clubhouses. Our members are integral to the operation of our clubhouses and active participants in our programs. Without the leadership of members, our clubhouses, which we keep deliberately understaffed to convey the power of members working in a strengths-based environment hand in hand with staff, would cease to function.

The clubhouse model centers on the belief that work and work-mediated relationships are restorative and provide a firm foundation for growth and important individual achievement rooted in agency and self-determination. Clubhouses operate on the belief that normalized social and recreational opportunities are an important part of an individual's recovery. The idea of work and community as therapy are not new ideas. However, the clubhouse model houses numerous innovations that make the model more effective and groundbreaking. One such example is that the clubhouse model centers on member choice, which pairs with other areas of emphasis to allow members to find their own identity and sense of self and self-purpose.

More people need access to the quality and compassionate care clubhouses offer, not just in New York City but upstate. The benefits to not just our neighbors and family who live with serious mental illness but also New York state are immeasurable. At Fountain House specifically, an NYU study has found that our program has reduced Medicaid costs by 21% relative to a comparable high-risk serious mental illness population. A recent whitepaper shows that this form of therapeutic intervention can save more than \$11,000 a person; when extrapolated to the current 60,000 people attending clubhouses across the country, that

amounts to a national savings of almost \$700 million annually.¹ Expanding clubhouses to serve even 5% of the 15.4 million Americans living with serious mental illness (Substance Abuse and Mental Health Services Administration 2023) would significantly improve the life trajectories of those 770,000 people in ways that would create savings to society of more than \$8.5 billion a year. Moreover, this overall cost reduction reflects 35%-45% lower hospitalization & ER visit rates that are partially offset by planned care that we want to see: more primary care visits, greater use of outpatient mental health, and increased pharmacy costs that can be attributed to better medication adherence. Indeed, this is an example of how a non-clinical model has succeeded in increasing the use of helpful medicines through a voluntary approach.

As an organization that works with individuals living with serious mental illness, we are very excited to see that the Governor is making investments in the mental health continuum. Ensuring everyone who needs support can receive support is the best way to build a healthier New York. As important as these proposals are, we are dismayed that there is no funding to support clubhouses within the executive budget proposal. While several clubhouses operate within New York City, including Fountain House, only one clubhouse recently opened in Poughkeepsie. By leaving the clubhouse model out of the mental health care continuum, approximately 591,000 New Yorkers living with serious mental illness, including those in more rural areas, will not receive an adequate level of care to address their full range of needs, including negative symptoms like loneliness and social isolation – which are known to lead to unnecessary morbidity, mortality, healthcare, and social services costs.

Research shows consistently that outcomes for people with serious mental illness are tied to recovery of dignity, hope, self-direction, a coherent sense of identity, and the achievement of quality of life. Largely speaking – loneliness has been identified as one of the leading unmet needs among people with serious mental illness. Randomized controlled trials have indicated that clubhouse members experience a significantly improved quality of life because they were involved with the clubhouse model, compared to those individuals who participated in other models.² Membership in Clubhouses shows lower drop-in rates and fewer hospitalizations, and Clubhouse costs are substantially lower than partial hospitalization, reducing the overall cost of healthcare. For example, researchers at New York University found that Fountain House reduced Medicaid costs by 21% for the highest-risk SMI population. Clubhouses have further been shown to reduce severe psychiatric symptoms, improve self-esteem, and decrease

¹ Usman, M. and Seidman, J. (2024) Beyond Treatment How Clubhouses for People Living with Serious Mental Illness Transform Lives and Save Money https://www.fountainhouse.org/assets/featurePost/FH_BeyondTreatment_ExecSum_Feb7.pdf

² Chen, Y., Yau, E., Lam, C., Deng, H., Weng, Y., Liu, T., & Mo, X. (2019). A 6-month randomized controlled pilot study on the effects of the clubhouse model of psychosocial rehabilitation with Chinese individuals with schizophrenia. *Administration and Policy in Mental Health and Mental Health Services Research*. <https://doi.org/10.1007/s10488-019-00976-5> 26; McKay, C., Nugent, K. L., Johnsen, M., Eaton, W. W., & Lidz, C. W. (2018). A Systematic Review of Evidence for the Clubhouse Model of Psychosocial Rehabilitation. *Administration and Policy in Mental Health and Mental Health Services Research*; New York, 45(1), 28– 47. <http://dx.doi.org.proxy.lib.wayne.edu/10.1007/s10488-016-0760-3>

internalized stigma, promoting greater recovery experiences and reducing the need for psychiatric hospitalization.

Additionally, the state continues to invest in the unnecessary expansion of AOT, including Kendra's Law. We implore the Legislature to invest in solutions that provide long-lasting and true recovery and implement fully funded proven voluntary alternatives to expanding AOT and Kendra's Law. We encourage this Legislature to invest fully in community support and services, with proven recovery outcomes, such as clubhouses. A review by Cochrane found that it would require placing 238 patients on AOT orders to prevent one arrest, 85 on AOT orders to prevent one hospital readmission, and 27 on AOT orders to prevent one episode of homelessness.³

We know that clubhouses can play an important role in the crisis response system as a safe place to land for individuals after their immediate needs are met. New York must take necessary steps to incorporate clubhouses into the state's crisis continuum both after stabilization and as a proven early intervention that can reduce the number of crises in the first place.

The biggest roadblock that clubhouses, including Fountain House, currently face is the absence of appropriate funding for the clubhouse model statewide. About 60% of our membership is enrolled in and covered by Medicaid, which lacks the appropriate funding mechanism to reimburse for clubhouse services. Instead, clubhouses must seek reimbursements for other services that only some members may need to access, leaving large gaps and deficits in needed compensation. To remedy this, we urge New York to implement a State Plan Amendment to allow State Medicaid dollars to go to accredited clubhouses. Further, we urge the state to explore value-based payment systems that measure and reward true recovery. As mentioned above, Fountain House's economic model shows that clubhouses reduce overall costs by more than \$11,000 a person and national savings of almost \$700 million annually. By investing Medicaid resources in clubhouses now, New York can realize savings moving forward all while providing those living with serious mental illness access to a crucial system of support. Medicaid coverage for clubhouse services will ensure the viability and continued success of clubhouses operating in New York City and entice others to open nationwide.

We close with a final note regarding how we discuss and talk about those living with serious mental illness. At Fountain House, the blended leadership of our members is a core tenet in our governance and existence. Our members are inherently involved in every aspect of our daily operations, from directing their recovery to weighing in on the day-to-day decisions of the clubhouse to serving on our Board. The continued onslaught of dehumanizing rhetoric about

³ Kisely, Yu, D., Maehashi, S., & Siskind, D. (2021). A systematic review and meta-analysis of predictors and outcomes of community treatment orders in Australia and New Zealand. *Australian & New Zealand Journal of Psychiatry*, 55(7), 650–665. <https://doi.org/10.1177/0004867420954286>

people living with serious mental illness, from blaming the community for crime, conflating mental illness with violence and homelessness, and more, must stop. Fountain House urges the Legislature and Governor to work with leaders with serious mental illness to change the words used in the law and policy discussions and ensure that those with lived experience are central in the decision-making process and fully humanized.

Clubhouses work and are a necessary part of the mental health continuum in New York City and across New York. Unfortunately, one of the largest concerns that organizations face in opening new clubhouses is startup funding. Revisiting this issue and the need for additional clubhouses, Fountain House supports the creation of a pilot program to fund new clubhouses. This program would ensure funding for nascent clubhouses and would help set up more facilities across the state.

To correctly address the concerns of those living with serious mental illness, we must produce solutions collaboratively as there is no simple fix. We must also do so in a way that allows people living with serious mental illness to be at the table. We cannot develop a truly effective system unless we can reflect on the impact of the real-life experiences of those living with serious mental illness. We respectfully invite all members of the Legislature to visit Fountain House either at our Bronx or Manhattan clubhouse locations to get a better understanding of the work that we do to curb loneliness and social isolation for people living with serious mental illness and to strengthen ties with those in this community who will benefit from your vision. Our approach has been described as a “safety net” that can lift people with serious illnesses out of the worsening and unsustainable cycles of homelessness, hospitalization, and incarceration. We believe you will agree.