

Substance Misuse in New Hampshire: An Update on Costs to the State's Economy and Initial Impacts of Public Policies to Reduce Them

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Prepared by:



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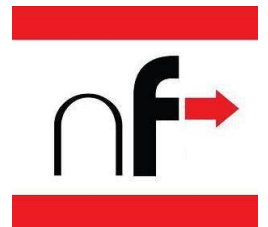


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Executive Summary

Since the release of PolEcon's 2014¹ report on the costs of substance misuse in New Hampshire, awareness of the damage that substance misuse inflicts on individuals, families, communities, and the state's economy has increased significantly. A dramatic rise in the number of drug-related deaths in New Hampshire has focused the state's attention on the dangerous rise in opiate and opioid abuse occurring, not only in New Hampshire, but across the nation and has prompted public policy efforts to address the problem. Headline news reports of heroin, fentanyl, and other drug-related deaths in the Granite State are startling and disturbing, but as horrific as the number of drug-related deaths are, they still represent only a fraction of the personal, economic, and social costs of drug and alcohol misuse in New Hampshire. Since our 2014 report, there is also an increasing awareness of the constraints that demographics and slow labor force growth are placing on New Hampshire's economy; highlighting the need to maximize labor force participation and the productivity of New Hampshire residents. Substance misuse both reduces labor force participation and reduces worker productivity.

In 2016, policymakers in the State of New Hampshire took a number of important steps to confront the increasing problem of substance misuse in the state. As a result of state and national policies enacted in recent years, there are now greater opportunities for New Hampshire residents to receive needed treatment and recovery supports for substance use disorders.

This report updates the 2014 analysis of the economic costs that substance misuse imposes on the State of New Hampshire. The report also documents the impact the Affordable Care Act (ACA) requirements for insurance coverage of substance use disorder and mental health treatment services, as well as the expansion of Medicaid, have had on substance misuse treatment rates in New Hampshire. Finally, the report examines how treatment capacity has expanded in response to ACA requirements for the inclusion substance use disorder treatment in health insurance coverage and the expansion of Medicaid in the state.

In updating our 2014 report on the cost borne by citizens, businesses, government, and the larger New Hampshire economy as a result of the misuse of alcohol and drugs, this report uses additional data and improved methodologies to again estimate the costs attributable to substance misuse in four broad areas: the productivity of individuals and businesses, criminal justice, health care, and other costs. The costs to New Hampshire of substance abuse have increased from \$1.84 billion to \$2.36 billion (not including \$604.6 million in costs related to premature deaths) since our last report,² an amount equal to over \$21,000 annually for every individual in the state who is dependent upon or abuses alcohol or drugs. The annual cost of drug and alcohol misuse in New Hampshire is equal to over three percent (3.32%) of the

	Annual Costs	Lifetime Costs Related to Annual Impacts
Productivity		
Impaired Productivity	\$1,496.16	
Absenteeism	\$62.40	
Subtotal	\$1,558.56	
Premature Death*		\$604.66
Health Care		
Substance Misuse Treatment	\$44.74	
Medical Care	\$269.78	
<u>Insurance Administration</u>	\$22.55	
Subtotal	\$337.07	
Criminal Justice		
Police Protection	\$156.76	
Judicial System	\$33.14	
Corrections	\$101.70	
Cost to Crime Victims	\$10.09	
<u>Victim Productivity Loss</u>	\$4.85	
Subtotal	\$306.54	
Other Costs		
Motor Vehicle Crashes	\$72.62	
State and Local Tax Revenue	\$87.60	
Subtotal	\$160.22	
Grand Total	\$2,362.39	\$2,967.05
NH Gross State Product (\$ Millions 2014)	\$71,153	
Costs as a % of GSP	3.32%	

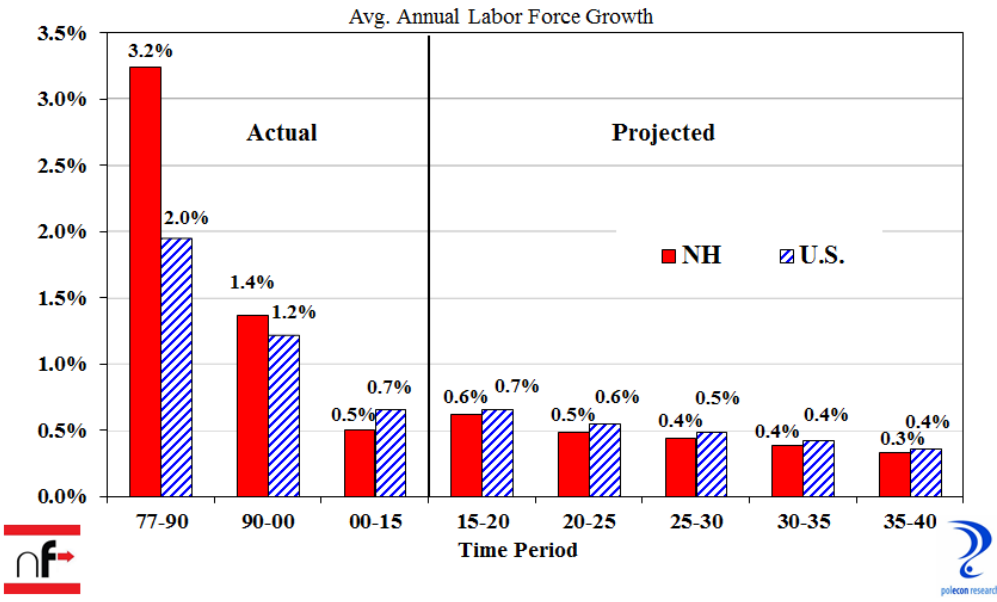
*Included in separate total because of difference in accounting

state's annual gross state product.

Although the total cost of substance misuse in New Hampshire continues to rise, there have been some encouraging developments since the release of our previous report in November 2014. Reductions in crime rates and automobile crashes have resulted in small reductions in a few substance misuse cost categories. In addition, there have been small reductions in reported substance abuse and dependency among younger subgroups of New Hampshire's population. Reductions in youth substance misuse may be attributed to an increase in funding for prevention efforts throughout the state over the past several years and should encourage policymakers to continue New Hampshire's investment in evidence-based prevention efforts. However, reductions in substance misuse rates among New Hampshire's youth cannot discount the increases in substance abuse and dependency among older Granite Staters (age 26 and above) that have resulted in an overall increase in the rate of reported substance misuse and dependency among New Hampshire residents since our last report.

This report reiterates the fact that the greatest cost of substance misuse in New Hampshire is in the form of the lost productivity of individuals in the state who are dependent on or who abuse alcohol or drugs. Productivity losses attributable to substance misuse cost the state about \$1.6 billion in 2014. Nationally and in New Hampshire, the longer-term prospects for economic growth are being challenged by two primary forces, slow growth in the labor force and declining growth in productivity (output per worker). By reducing the number of individuals in New Hampshire's labor force and by decreasing the skills and productivity of individuals who are in the labor force, substance misuse in New Hampshire exacerbates key demographic and human resource issues that contribute to slower economic growth in the state. The importance of maximizing labor force participation and the productivity of workers in New Hampshire is illustrated in Figure 1, which shows past and projected labor force growth in New Hampshire and the United States. As the chart demonstrates, slow labor force growth is the "new normal" for the New Hampshire and United States economies.

Figure 1
**Slow Labor Force Growth Will Contribute to Slower Growth in
 New Hampshire and the United States**



Since our 2014 report, the Affordable Care Act has been fully implemented, resulting in increased access to affordable health insurance and coverage for substance use disorder treatment for many New Hampshire residents. In addition, New Hampshire expanded its Medicaid program, which also provided increased opportunities for substance use disorder treatment in the state. Substance use disorder treatment in New Hampshire has increased sharply in response to these policies. Findings in this report suggest that changes in the availability of health insurance and coverage for substance use disorder treatment have also helped to expand substance use disorder treatment capacity in the state by contributing to an increase in the number of treatment providers. That said, this report also addresses concerns about how workforce issues may limit the ability of these providers to increase capacity and meet the growing need for treatment services in the state.

I. Introduction

With media coverage of the nearly 500 drug induced deaths in 2016 contributing to public awareness of the problem of substance misuse in the state, residents of New Hampshire told public opinion pollsters in 2016 that the rise in opiate and opioid abuse, and the epidemic of drug induced deaths accompanying it, was the most important and pressing issue facing the State of New Hampshire. The shocking increase in drug overdoses in New Hampshire has created awareness among the public and policymakers of the need to confront substance abuse in the state. There is less awareness that deaths from substance abuse represent only a fraction of the cost of substance misuse in New Hampshire.

Since our last report in 2014, policymakers have taken significant action to address substance misuse in our state, but the rise in opiate and opioid related overdoses and deaths has overshadowed progress in the prevention and treatment of substance misuse in New Hampshire. The cost of alcohol and drug misuse in New Hampshire continues to rise. Updating our 2014 analysis of the economic costs of alcohol and drug misuse is important for at least two reasons. First, it is important to remind the public and policymakers of how much alcohol and drug abuse reduces prosperity in New Hampshire and to demonstrate that, despite its high profile, the current opiate and opioid crisis represents just a portion of the overall costs of substance misuse in the state. Reducing the burden that substance misuse imposes on New Hampshire's economy requires that the resources and infrastructure of substance misuse prevention, treatment and recovery be both sufficient and broadly available throughout the state. Second, it is important to consider the policy actions that have been undertaken in New Hampshire and nationally that may contribute to reducing the high cost of substance misuse in the future.

Policies such as extending health care coverage to more residents via the Affordable Care Act, requiring substance use disorder services to be included in health insurance coverage, and the expansion of Medicaid are actions that, in 2014, were thought to hold promise for expanding treatment options and increasing treatment rates in New Hampshire. These policies have not been in place long enough for a full evaluation of their impact on reducing the cost of substance misuse in New Hampshire but the analysis of early data from medical insurance and Medicaid claims presented in this report support initial optimism over the value that they can have in addressing substance misuse in New Hampshire.

Figure 2
Drug Induced Deaths in New Hampshire Have More Than Doubled Just Since 2013

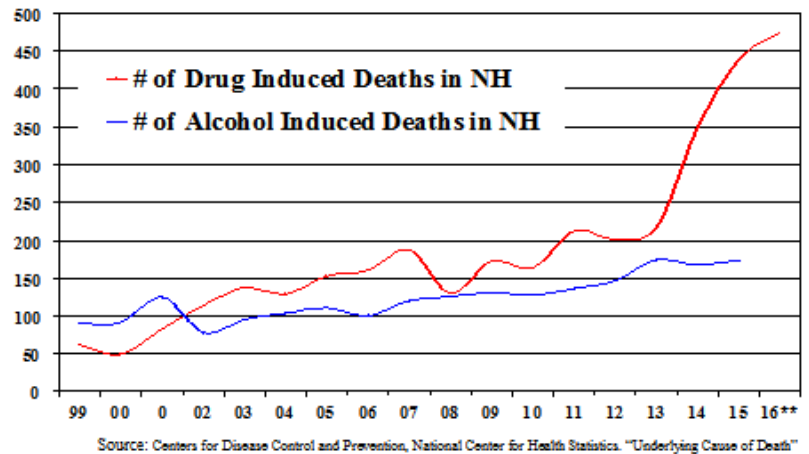
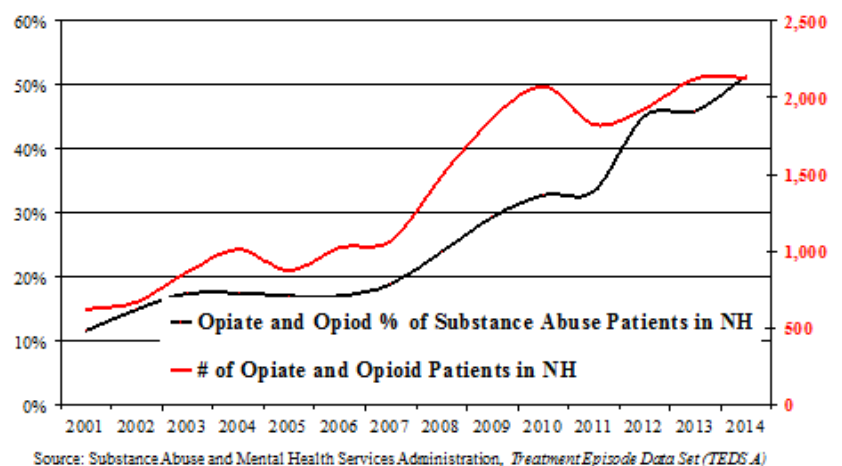


Figure 3
Over One-Half of Individuals in NH Receiving Substance Abuse Treatment are Now Doing So for Opiates and Opioids.

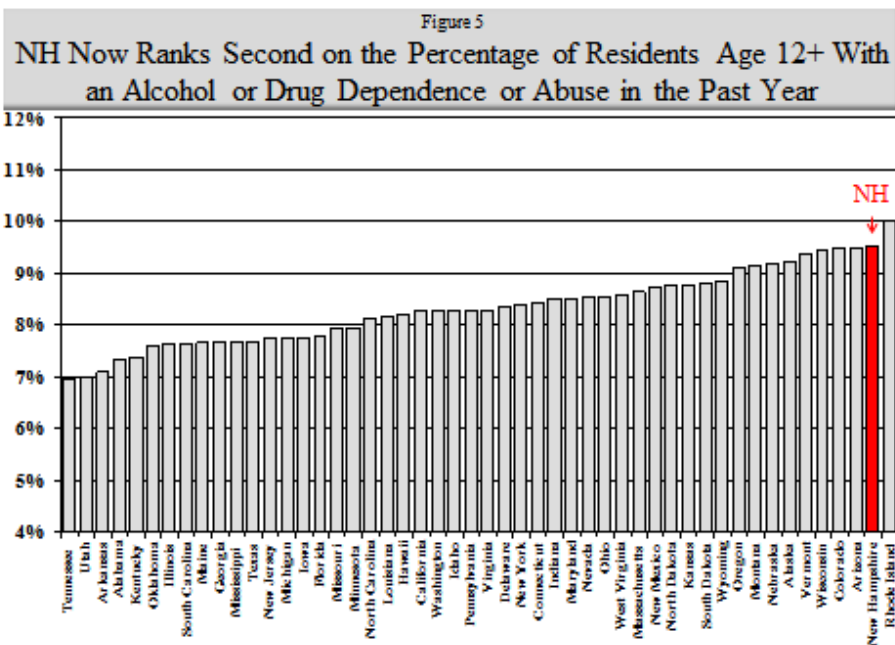
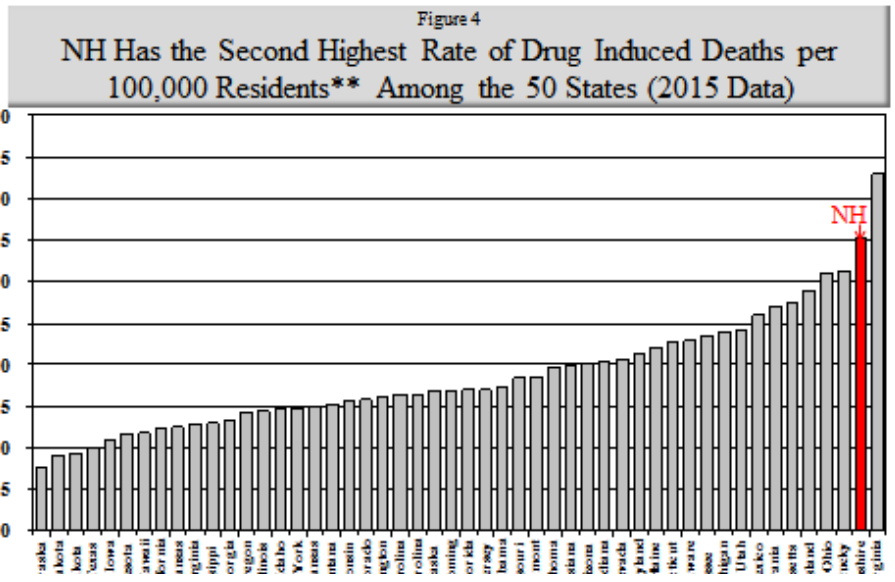


Since 2014, there has been an explosion in the number of drug induced deaths in New Hampshire and nationally, with opiates and opioids accounting for most of the increase.³ According to the New Hampshire Medical Examiner's Office, 88 percent of the drug-induced deaths in New Hampshire in 2016 were associated with opiates and opioids. Since 2013, drug induced deaths have more than doubled in New Hampshire, rising from 217 in 2013 to a projected 476 in 2016 (Figure 2).⁴

The epidemic of opiate and opioids is increasingly reflected in substance use disorder treatment data. Figure 3 shows that as of 2014, opiates and opioids account for just over one-half of the admissions to substance abuse treatment facilities in the state, up from less than 20 percent a decade ago.⁵ The number of individuals entering treatment in New Hampshire for opiate and opioid misuse is now greater than the number seeking treatment for alcohol abuse in the state.⁶

Despite increases in the number of individuals seeking treatment for substance use disorders the state now (as of 2015) has the second highest rate among all states in the number of drug related deaths per 100,000 residents (Figure 4).⁷ Overall, rates of substance abuse and dependence have increased in New Hampshire since our 2014 report.

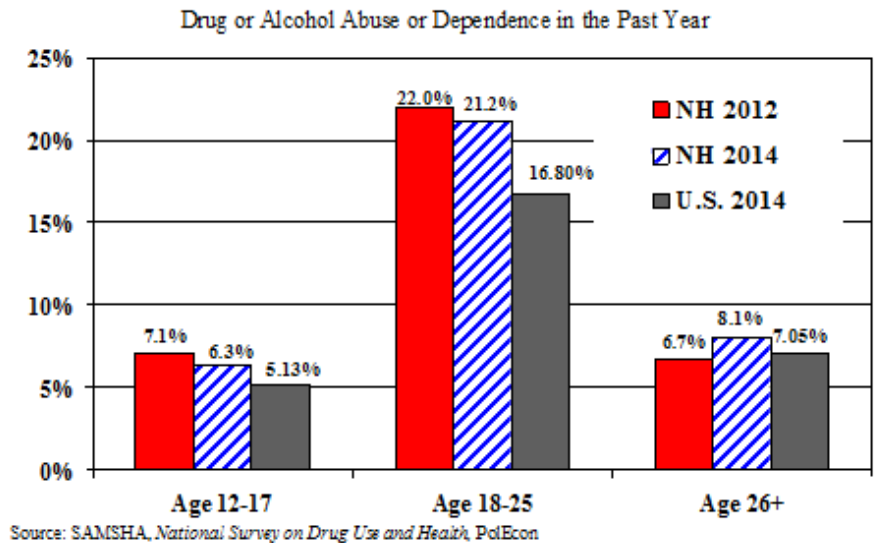
In 2014, using data from the 2012 National Survey on Drug Use and Health (NSDUH), New Hampshire ranked 24th among all states on the percentage of residents age 12 and above with an alcohol or drug abuse or dependence in the past year; in 2014 NH ranked second with 9.53 percent of residents age 12 and over with an alcohol or drug abuse or dependence in the past year. The increase in reported alcohol dependency and abuse in New Hampshire between 2012 and 2014 is not uniform across age groups. There have been small declines in dependency and abuse rates among young people (those age of 25 and under although NH rates remain higher than the U.S. average) in New Hampshire, highlighting the important impact that prevention efforts can have on substance abuse in the state. At the same time there has been a significant increase in the dependency and abuse rates among those age 26 and older in the state (Figure 6). This report updates the \$1.84 billion in substance misuse related costs imposed on the New Hampshire economy in 2012 estimate in our 2014 report.



Source: SAMSHA, National Survey on Drug Use and Health, 2014

Using data from 2014 (the most recently available for many of the measures used in estimating costs) we estimate substance misuse costs New Hampshire \$2.36 billion in 2014. In addition to estimating the cost impacts of substance misuse, this report examines data from Medicaid and private health insurance claims to see what impacts public policies expanding insurance coverage (the ACA and Medicaid expansion) are having on substance use disorder treatment in the state.

Figure 6
Declines Among Young People With an Alcohol or Drug Dependency/Abuse is Offset by Increases Among Older Residents



¹ New Futures, Inc., “*The Corrosive Effects of Alcohol and Drug Misuse on NH’s Workforce and Economy*,” November, 2014.

² Some of the increase in costs is attributable to refinements in methods that allow for estimates of productivity costs associated with alcohol dependency or abuse among women in NH, as well as the ability to review actual payments by insurers for substance use treatments in the state.

³ Opiates are naturally occurring opium-based narcotic substances such as morphine and codeine, while opioids are synthetic and semi-synthetic forms of opiates such as heroin, oxycodone, hydrocodone, and methadone.

⁴ The Office of the medical examiner has not completed toxicology reports on all cases but in December the office projected 476 drug induced deaths in the state for 2016.

⁵ U.S. Department of Health and Human Service, Substance Abuse and Mental Health Services Administration, “*Treatment Episode Data Set, Admissions (TEDS A), 2014*.”

⁶ The TEDS data include only data from facilities that receive funds from federal or state government sources (Medicaid, Medicare, grants etc.) and thus does not include facilities that accept only private health insurance or self-payers.

⁷ U.S. Dept. of Health and Human Services, Centers for Disease Control and Prevention, “*Underlying Cause of Death Data*”. The data are for age adjusted rates. NH’s ranking does not change using age adjusted or unadjusted data.