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Public Hearing on The Opioid Epidemic in Appalachia: Addressing the Hurdles to Economic Development in the Region

Presentation to the U.S. House Subcommittee on Economic Development, Public Building and Emergency Management

Barry L. Denk, Director, The Center for Rural Pennsylvania
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Good Morning Chairman Barletta, Ranking Member Johnson and members of the House Subcommittee on Economic Development, Public Building and Emergency Management.

Thank you for the opportunity to be with you today to discuss the heroin/opioid public health crisis affecting Pennsylvania and, in particular, the 52 counties in Pennsylvania that are part of the Appalachian Regional Commission territory.

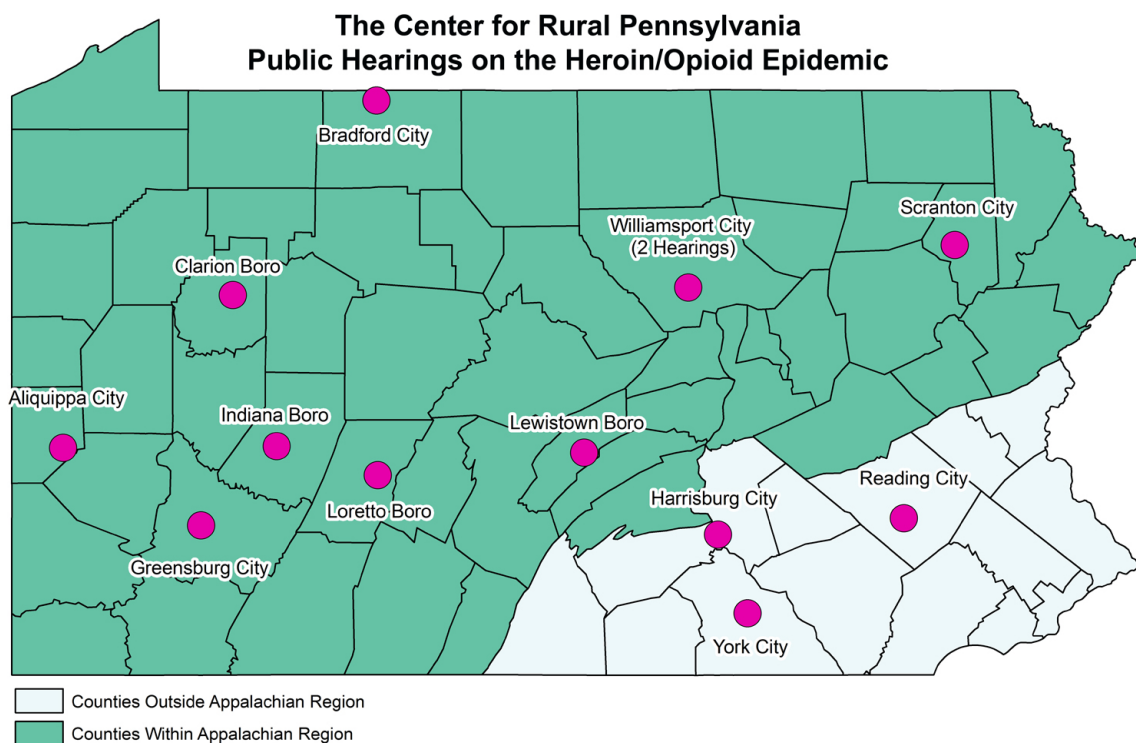
I am Barry Denk, Director of the Center for Rural Pennsylvania. The Center is a bipartisan, bicameral legislative research agency of the Pennsylvania General Assembly. The Center was created by the Rural Revitalization Act of 1987. We are the second oldest state-level rural research agency in existence and the only rural-focused state agency under the jurisdiction of the State Legislature.

Our mandate is to sponsor research and develop and maintain a database on rural trends and conditions. That research and data analyses help to inform and educate the legislature so that when it is considering public policy issues, it understands the potential impact on our state's rural population.

For those who may not know, Pennsylvania has the third largest rural population in the nation, behind Texas and North Carolina. We have, with 3.5 million rural residents, 27% of the state's population. Rural Pennsylvania comprises 75% of the state's land area.

In the spring of 2014, the Center's Chairman, Senator Gene Yaw (R-23rd Senatorial District) was asked by a colleague if the Center could look into the issue of heroin/opioid use in rural Pennsylvania. The rural parts of that legislator's senatorial district had experienced overdose deaths of four young individuals over a short period of time.

That meeting led to the Center sponsoring a series of 13 public hearings, held from July 2014 to October 2017, on the issue of what we now know is the public health epidemic of substance use disorder due to heroin and opioid addiction.



Our hearings were held across the Commonwealth as indicated by the map above.

Through these hearings, the Center for Rural Pennsylvania heard from more than 150 professionals, family members, and people in recovery about the heroin/opioid epidemic, about what's working, and about what needs to be expanded, improved and put in place. We learned that this crisis is not going away anytime soon and there is no simple short-term solution.

We heard firsthand testimony from recovering addicts, parents who have lost a child to an overdose, and grandparents who have been thrust into the role of full-time parent once again. We have heard from Pennsylvania Attorneys General, police officers, District Attorneys, judges, EMS professionals, coroners, doctors, school superintendents, business leaders, treatment providers and federal and state government officials.

We learned how all segments of our society are being impacted by this epidemic. For example, we heard from: recovering individuals, their parents, and grandparents about the financial, insurance and treatment challenges they have faced and continue to face; from Single County Authorities, who are the county-level organizations charged with providing treatment services, about the challenges they are encountering with limited staff, limited funding and limited treatment beds for those seeking recovery; from law enforcement organizations about the deluge of heroin and illegal prescription drugs that are flowing into our communities and the challenges they face with limited staff and funds; from treatment professionals who need more staff, including psychiatrists, counselors, and doctors who are trained to handle treatment medications like methadone, buprenorphine, and naltrexone, and how to treat heroin/opioid addiction, often with a dual mental health diagnosis; and from county judges and district attorneys who spoke about the need to expand county drug courts, which have been shown to be cost effective and efficient.

The hearing agendas and the testimonies of presenters are available on Senator Yaw's website (www.senatorgeneyaw.com). The Pennsylvania Cable Network filmed and televised the hearings across its statewide system and the more than 35 hours of testimony can be viewed through Sen. Yaw's website (www.senatorgeneyaw.com/heroin-combating-this-growing-epidemic-in-rural-pennsylvania/). Summary reports from the 2014 and 2015 hearings are also available on the Center's website (www.rural.palegislature.us/documents/reports/heroin_report2014.pdf and www.rural.palegislature.us/documents/reports/HerionReportFinal2015.pdf).

Overall, we learned that the heroin/opioid crisis has affected all segments of our communities, from the personal to the professional, from health care to law enforcement, and from education to our economy.

In response to today's hearing, we can tell you about the impact the crisis has had on our workforce. In October, the President and CEO of the Pennsylvania Chamber of Business and Industry presented testimony at the Center's public hearing on how the heroin/opioid crisis is impacting many Pennsylvania Chamber members, employers and employees. He noted that a Princeton Economist, Alan Krueger, released a report in September 2017 that analyzed if and how the opioid crisis has contributed to workforce challenges, especially among working age Americans who are unemployed and not looking for work. By comparing county-level opioid prescription rates and labor force data from 1999 to 2001 and 2014 to 2016, Dr. Krueger concluded that opioid prescriptions accounted for a 20 percent decline in the workforce participation among men and a 25 percent decline among women.

In 2016, the PA Chamber also commissioned a local research firm to conduct a survey of Pennsylvania employers about their experiences and expectations concerning the workforce. The more than 400 Pennsylvania employers who responded painted a daunting picture. A combined 52 percent said it is very or extremely difficult to recruit qualified candidates to fill the workforce needs of their company. Most believed that finding qualified applicants has gotten more difficult over the last five years (61 percent) and most also believed it would become more difficult over the next five years (57 percent). A mere 2 percent of respondents said it would get easier. More than one in five respondents also said that job applicants or potential new hires very often or somewhat often failed to pass a drug test. The Chamber CEO concluded his testimony by saying that reversing these broad workforce trends will require a long-term, multifaceted strategy involving employers, educational institutions, parents, students and others to help narrow the skills gap and improve employability. He stated it is becoming increasingly clear that addressing the prescription drug and opioid epidemic is an integral component of this workforce strategy.

At the Center's hearings, we also learned how the epidemic is impacting the treatment workforce as several testifiers noted the need to build that workforce. In 2014, Single County Authority administrators for drug and alcohol treatment said that treatment funding has been cut by 25 percent over the past few years while requests for services have quadrupled. An Executive Director of a treatment facility said he was seeing an experienced and effective workforce dwindling, noting the long hours, low wages, burnout and retirement of seasoned counseling professionals. He added that the experience and training requirements necessary to replenish the field were causing potential candidates to pursue other careers.

While information documenting the economic impacts of the epidemic was not provided during our hearings, we do know of a study completed in Pennsylvania, specifically focusing on the Appalachian

counties of Allegheny and Westmoreland. In May 2017, the Allegheny Institute for Public Policy released its report, *The Economic Impact of Opioid Abuse Locally*. The report puts the number of opioid medicine abusers in Allegheny County at 16,000, and the number of heroin abusers at 5,000. The costs for health care, crime, and lost wages and benefits are \$472 million for opioid medicine abuse and \$350 million for heroin. For Westmoreland County, the costs are placed at \$102 million for opioid medicines and \$108 million for heroin. It is important to note that all the estimates are just that although they are likely to be reasonable approximations of actual costs. They will diverge from actual costs depending on the degree of accuracy of the national findings in the studies used to estimate the local impact.

Another study from the National Bureau of Economic Research surveyed 35 Appalachia counties, with known high propensity of heroin use. It found that as unemployment increases by 1%, there is a 3.6% increase in opioid-related deaths and a 7.07% increase in Emergency Room visits for opioid-related health crises. This positive relationship between socioeconomic status and illicit drug use is indicative of the disproportionate impact that opioids have on low-income communities. The study noted that this claim is supported by a study performed by Dr. Alejandro Badel of the Bureau of Labor Statistics, which suggested that “those who are unemployed or otherwise out of the labor force may face financial hardship or simply have more unstructured time, either of which can result in a higher propensity to consume these substances, everything else held constant.”

A 2017 report released by the White House Council of Economic Advisors noted that the opioid epidemic has cost the U.S. economy more than \$500 billion in 2015. This amount is considerably higher than what previous studies have identified. For example, a study published in the October 2016 journal, *Medical Care*, estimated the total economic burden of prescription opioid overdose, misuse, and addiction at \$78.5 billion in 2013.

A 2016 report released from Altarum (<https://altarum.org/>), a health care research organization, noted that the benefits of putting an end to the opioid crisis exceeded \$95 billion in 2016. Some suggest that the White House estimate is much higher as it took a total societal welfare loss associated with the opioid epidemic.

While these few examples help to document the impact of the heroin/opioid epidemic on our workforce and our economy, there may be more that have not yet been published. Anecdotally, I’m sure that all of our states have stark examples of how this epidemic has changed our communities, especially in the number of lives that have been lost.

A July 2017 U.S. Drug Enforcement Administration report titled, “Analysis of Overdose Deaths in Pennsylvania, 2016,” reported that 4,642 Pennsylvanians died in 2016 as a result of a drug overdose, with thousands more affected by addiction, either personally or through, family, friends, co-workers, employees, or neighbors. This was an increase of 37 percent from 2015, when 13 people died each day of a drug-related overdose. In 2016, the presence of an opioid, either illicit or prescribed by a doctor, was identified in 85 percent of drug-related overdose deaths.

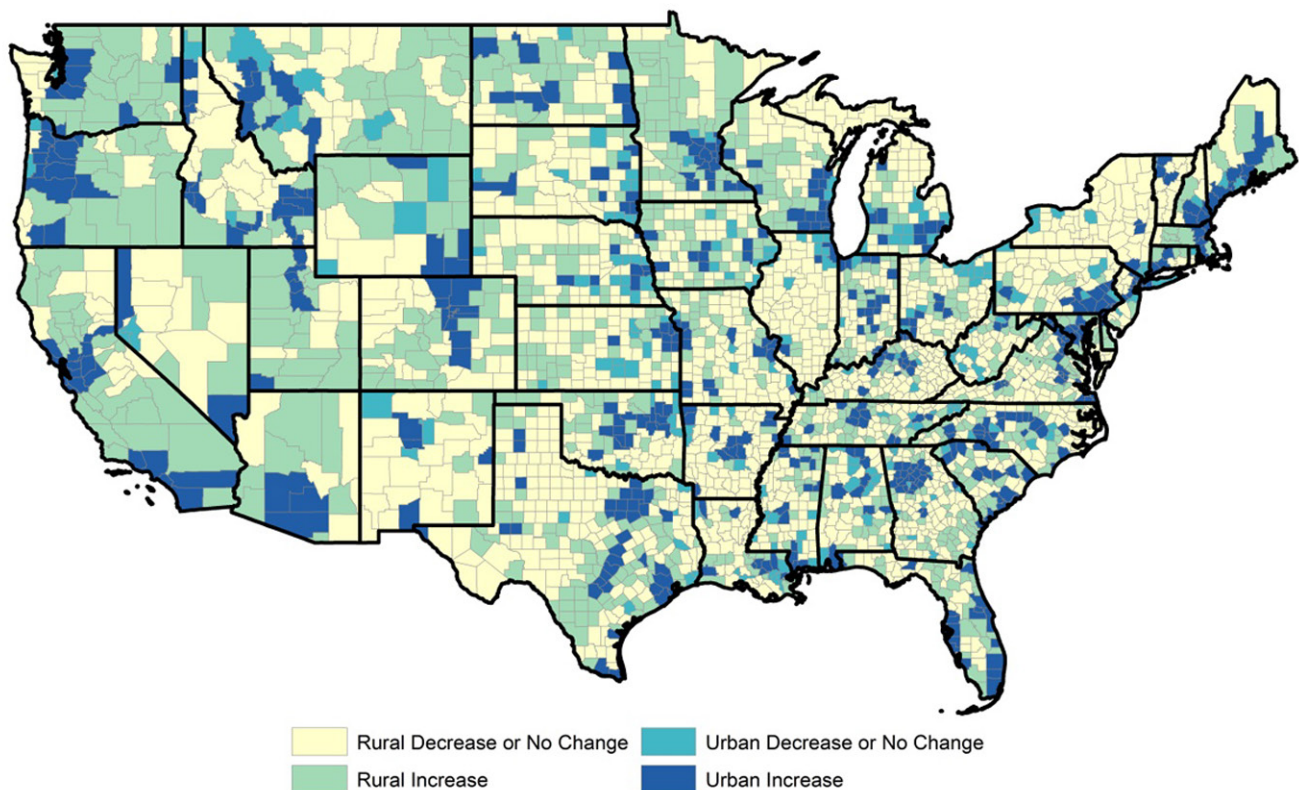
In a public hearing held by the Pennsylvania Senate Health and Human Services Committees in May

2017, the Center for Rural Pennsylvania's chairman, Senator Gene Yaw, made the following statement: "Today, 13 Pennsylvanians will lose their lives to a drug overdose. This week, over 1,000 people will die of an overdose in the United States. By comparison, the Vietnam War, a period that spanned 10 to 12 years claimed more than 56,000 American lives. We are now approaching that level of lives lost every year due to drug abuse and misuse, and estimates are that these numbers will continue to surge."

The Center for Rural Pennsylvania, as part of its role in serving the General Assembly, is continuing its work in addressing this public health crisis affecting our commonwealth. Three years ago we held the first public hearing on this epidemic, but our work to address all issues affecting rural Pennsylvania has been ongoing since 1987. While this public health crisis of heroin/opioid addiction is now on the national stage, it is important to put it in the context of ongoing challenges faced by rural America. As part of this written testimony, I am including some additional information for your consideration as it relates to the systemic challenges facing rural Pennsylvania and rural America.

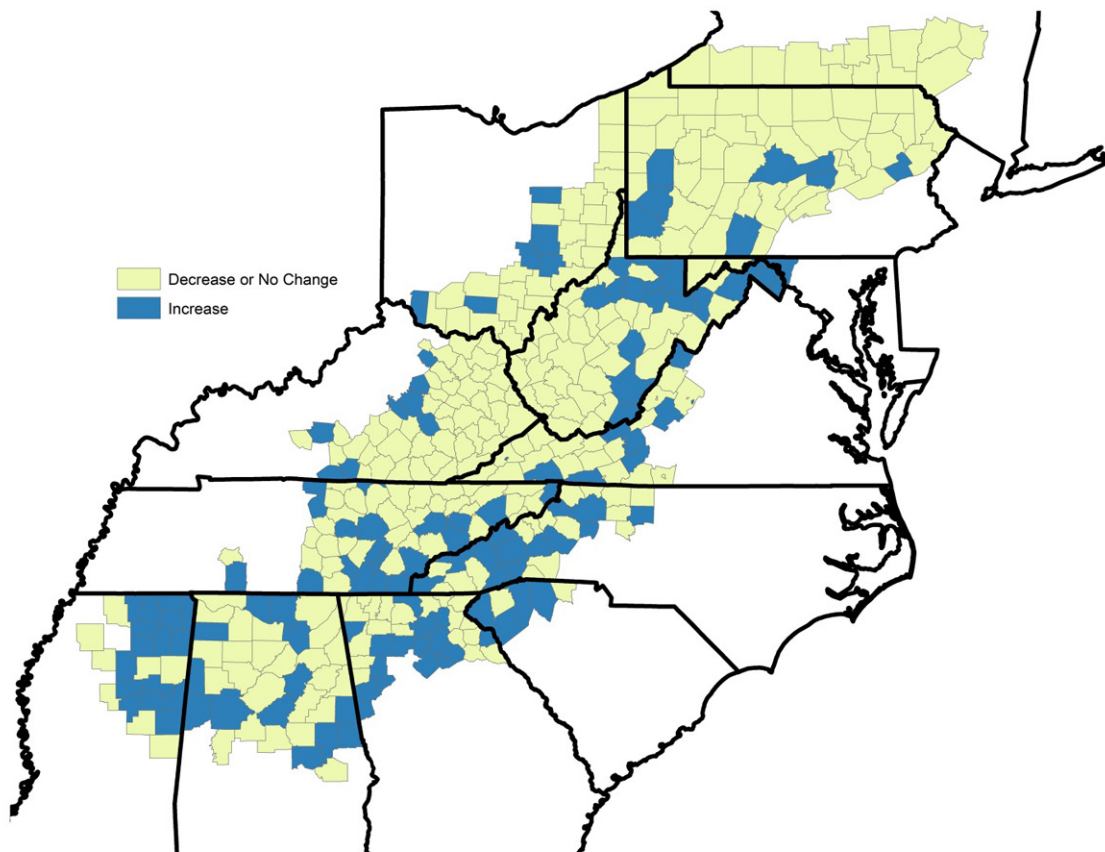
Thank you for the opportunity to speak with you today.

Change in Rural and Urban County Employment, 2007 to October 2017



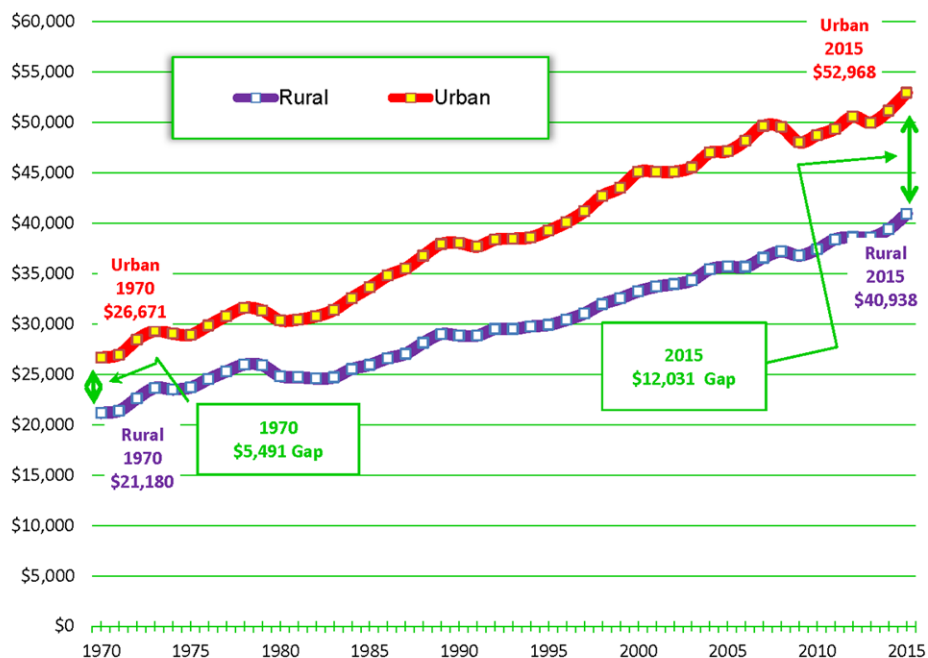
Data not seasonally adjusted. 2007 data are average annual. October 2017 data are preliminary. Data source: U.S. Bureau of Labor Statistics. Map by the Center for Rural Pennsylvania.

Change in Employment in Appalachian Region Counties, 2007 to October 2017



Data not seasonally adjusted. 2007 data are average annual. October 2017 data are preliminary.
Data source: U.S. Bureau of Labor Statistics. Map by the Center for Rural Pennsylvania.

Per Capita Personal Income in Rural and Urban Pennsylvania, 1970 to 2015 (Adjusted for Inflation)



Data adjusted for inflation using the CPI-U with 2015=100. Data source: U.S. Bureau of Economic Analysis. Graph by the Center for Rural Pennsylvania.