

Statement of Earl Gohl
Federal Co-Chair, Appalachian Regional Commission
Before the House Subcommittee on Economic Development, Public Buildings and
Emergency Management
House Committee on Transportation and Infrastructure
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Mr. Chairman and Members of the Subcommittee:

My name is Earl Gohl, and I am Federal Co-Chair of the Appalachian Regional Commission (ARC). ARC is a partnership between the federal government and the Governors of the 13 Appalachian states, created by Congress to help Appalachia achieve socio-economic parity with the rest of the nation. The Commission has a broad mandate to foster economic and community development across the region's 420 counties. I applaud the subcommittee for focusing attention on the opioid epidemic through an economic development lens.

Opioid abuse poses a major threat to the economic prosperity of Appalachia. It's not just a public health and public safety issue; it's an economic development issue. It drains the region's resources, both human and financial. It shatters the fabric of Appalachia's families and communities. It ravages the workforce, slowing productivity and making the region less competitive. In short, as a result of all of its other terrible consequences, opioid abuse diminishes regional economic opportunity.

That's why ARC, as an economic development agency, has been focusing on the opioid issue for several years. The Commission understands that Appalachia cannot have a vibrant and competitive economy without a healthy workforce, and we know that this epidemic disproportionately affects our region. ARC's broader efforts to help build a strong regional economy—through investments in basic infrastructure, in strengthening entrepreneurship, in expanding transportation options—cannot achieve maximum success if the region does not have a healthy workforce. Indeed, fostering a healthy, skilled, and ready workforce is one of the five goals of the agency's strategic plan.

A practical application of the economic development consequences of the opioid problem was recently described to us vividly by Washington County, Tennessee Mayor Dan Eldridge. He has recounted to the Commission that when companies consider locating to his county, they often ask specifically if the workforce can routinely pass drug tests. This is sadly a routine question asked in communities across the country.

In October, the President, through his direction to declare a national public health emergency, underscored the challenge the opioid crisis poses nationally. ARC research¹ found that the problem is even more severe in Appalachia, with opioid-related overdose deaths being 49 percent higher in Appalachia than in the rest of the United

¹ Appalachian Regional Commission. 2017. *Appalachian Diseases of Despair*, p. 17. Retrieved from https://www.arc.gov/assets/research_reports/AppalachianDiseasesofDespairAugust2017.pdf

States. This disparity is particularly striking for northern and central Appalachia. According to recent ARC-sponsored research, Appalachian Pennsylvania has an opioid-related overdose rate 50 percent higher than the rate found in the non-Appalachian portions of the nation. The Appalachian parts of Kentucky, Maryland, and Ohio all have opioid-related overdose rates more than twice as high as that found in the non-Appalachian U.S. West Virginia has a rate over three times as high as the rate for the non-Appalachian United States.

Appalachia was among the first areas to experience the widespread consequences of prescription opioid drug abuse, perhaps the result in part of well-intentioned efforts by physicians to address the pain associated with mining-related injuries.

An ARC-commissioned study back in 2008 revealed that Appalachian hospital admission rates for abuse of prescription painkillers were more than twice those of the U.S. In addition, it showed that the rate was rising, both nationally and regionally, and that it was rising faster in Appalachia than in the rest of the country. This ARC study was the first to document the fact that Appalachia was being disproportionately harmed by the growth of prescription drug abuse. It confirmed the alarming reports ARC was hearing from local economic development leaders and elected officials.

Unfortunately, more recent ARC-funded studies paint a similarly disturbing picture of the disproportionate impact opioids are having on our region, with major implications for Appalachia's workforce. In August, ARC released a study that suggests the extent of the prescription drug abuse challenge in our region. *Appalachian Diseases of Despair*, conducted by The Walsh Center for Rural Health Analysis at the University of Chicago, focused on three "diseases of despair": drug abuse, suicide, and alcohol-related liver disease. It concluded that the Region's mortality rate for all three diseases combined was 37 percent higher than the rate of the rest of the country.²

Even more troubling, from ARC's economic development perspective, the relative gaps between Appalachian and non-Appalachian mortality rates are highest among people in their prime working years. In 2015, overdose-related mortality rates for Appalachia's 25-44 year old age group were more than 70 percent higher than for the same age group the country's non-Appalachia areas. Moreover, in Appalachia, the overdose mortality rate was 78 percent higher among 35- to 44-year-old men and 72 percent higher among 25- to 34-year-old men compared to non-Appalachian men of corresponding age range.³ Likewise, the overdose mortality rate for Appalachian women ages 35 to 44 was more than double the rate for women in the non-Appalachian U.S., and among 25- to

² Appalachian Regional Commission. 2017. *Appalachian Diseases of Despair*, p. 6. Retrieved from https://www.arc.gov/assets/research_reports/AppalachianDiseasesofDespairAugust2017.pdf

³ Appalachian Regional Commission. 2017. *Appalachian Diseases of Despair*, p. 14. Retrieved from https://www.arc.gov/assets/research_reports/AppalachianDiseasesofDespairAugust2017.pdf

34-year old women, the Appalachian rate was 92 percent higher.⁴ The highest overdose mortality rate for Appalachia women was among the 45- to 54-year-old age group.⁵

Across Appalachia, workers in their prime productive years are dying – stunting our economic potential by creating a doughnut-hole in our workforce. This can be preventing our Region, and in turn, our nation, from reaching its economic potential.

But premature mortality is not the only issue that comes along with opioid abuse. For those suffering with addiction, holding down any sort of steady employment is a nearly impossible endeavor. Though we don't have data specific to the Appalachian region on the number of work days lost due to opioid abuse, we do know that mental and physical health challenges in general contribute to the significant workforce issues facing Appalachia. Another report (*Health Disparities in Appalachia*) recently released by ARC (and conducted in conjunction with the Robert Wood Johnson Foundation and the Foundation for A Healthy Kentucky) examined the number and frequency of mentally and physically unhealthy days throughout the region. Taken together, the average Appalachian resident feels unhealthy 12 more days per year than the average American. Feeling physically or mentally unwell may lead to any number of workforce issues: absences, lower productivity, and an increased risk of accidents and injuries.

The challenges facing efforts to support a healthy Appalachian workforce are compounded by a proportionately fewer number of health professionals in the region. The *Health Disparities* study found that the region is already behind the rest of the nation in the number of available physicians, mental health providers, and other relevant health care workers needed to help address Appalachia's opioid crisis. For instance, the number of mental health providers per 100,000 population in the Appalachian region is 35 percent lower than the national average. The supply of mental health providers in counties defined as economically distressed by ARC's classification index is six percent lower than in the region's non-distressed counties. The study also found that, while between 1990 and 2013 the number of primary care physicians per 100,000 population grew faster in Appalachia compared to the nation as a whole (31 percent v. 27 percent), there were still 13 percent fewer primary care physicians per 100,000 population in Appalachia in 2013 than in the nation as a whole.

ARC is not the only organization pointing out the connection between opioid abuse and the workforce. The Federal Reserve Bank of Richmond has recently looked at opioid prescription rates and drug overdose deaths throughout its footprint, which, includes the ARC states of Maryland, North Carolina, South Carolina, Virginia, and West Virginia, as well as the District of Columbia. A November 2017 Richmond Fed publication stated that "increased opioid use does appear to be contributing to adverse workforce trends," citing preliminary national research that suggests the increase in opioid prescription

⁴ Appalachian Regional Commission. 2017. *Appalachian Diseases of Despair*, p. 15. Retrieved from https://www.arc.gov/assets/research_reports/AppalachianDiseasesofDespairAugust2017.pdf

⁵ Id.

rates from 1999 to 2015 could account for approximately 20 percent of the decline in the U.S. labor force participation of prime age men during that period.⁶

Federal Reserve Board Chair Janet Yellen, responding to a question in testimony earlier this year before the Senate Banking Committee, likewise suggested a relationship nationally between opioid abuse and the decline in the labor force participation rate, though she cautioned that she didn't know whether there was a causal connection or whether one reflected a symptom of the other. She did note, however, that the issue seemed to be "particularly affecting workers who have seen their job opportunities decline." Creating jobs and economic opportunities can be important parts of a comprehensive strategy to help address the opioid crisis.

A study by the White House Council of Economic Advisers (CEA), released last month, echoes these themes for the nation. The report estimated that the nonfatal cost of the opioid crisis in 2015, including related healthcare and substance abuse treatment costs, criminal justice costs, and productivity losses, was \$72.3 billion.

ARC has augmented the quantitative research about the incidence of opioid abuse with qualitative assessments specific to the region. Earlier this year, ARC partnered with the Centers for Disease Control and Prevention's (CDC's) National Center for Injury Prevention and Control (NCIPC) and the Oak Ridge Associated Universities (ORAU) to explore how the opioid epidemic is specifically affecting a range of Appalachian communities. To do this work, ORAU convened twelve focus groups in four Appalachian communities (London, Kentucky; Kingston, Tennessee; Oneida, Tennessee; and Princeton, West Virginia). Participants, who were in their prime working age, included people who are in recovery from addiction as well as those who have never taken opioids.

A consistent theme across all the interviews was a deep concern about the impact the crisis is having on the region's economic health, be it an underperforming workforce, challenges of recruiting drug-free workers, or a high rate of worker turn-over. In addition, focus group participants cited various stories about companies and industries reluctant to do business in the region due to a compromised workforce. What these groups were describing was the clear cyclical relationship between the Appalachia's economic challenges and the opioid crisis.

The interviews also make clear that the hard data fail to adequately capture the devastating impact of the opioid crisis on communities, particularly in rural Central Appalachia. Quite simply, it touches almost everyone in the community. When ARC leaders visit Appalachian communities, it's not unusual for community members to approach them and to say, unsolicited, "This drug problem affects everybody in the community." It's personal for them.

⁶ Federal Reserve Bank of Richmond. 2017. Fifth District Footprint: The Opioid Epidemic in the Fifth District. Retrieved from https://www.richmondfed.org/media/richmondfedorg/publications/community_development/5th_district_footprint/2017/footprint_201711.pdf

ARC's response to Appalachia's opioid epidemic has ranged from conducting research to better understand the extent of the problem, to supporting community-based solutions, to funding treatment centers that focus on the re-entry into the workforce.

We are currently partnering with the National Institute on Drug Abuse at the National Institutes of Health, along with the CDC and the Substance Abuse and Mental Health Services Administration (SAMHSA), to cosponsor research on the implementation of evidence-based practices for the prevention and treatment of opioid overdose, HIV, and hepatitis in Appalachia. This is a multi-site effort and to our knowledge the only large-scale research effort to establish best practices that the region's communities can deploy to address critical public health threats within Appalachia's unique and varied contexts.

In recent years, ARC has supported a variety of community-based intervention efforts, often in partnership with other federal agencies, such as the Office of Rural Health Policy at the Health Resources and Services Administration, SAMHSA, and CDC, to help educate local health officials about federal resources and best practices.

One effective local organization, with which ARC has had an ongoing relationship for a nearly a decade, is Operation UNITE, which stands for Unlawful Narcotics, Investigations, Treatment and Education. UNITE provides a multi-faceted, community-based response to the prescription drug epidemic in Eastern Kentucky. Through the work of UNITE, \$12.6 million in illegal drugs have come off Kentucky's streets over the past 15 years. Since 2012, UNITE has coordinated the National Rx Drug Abuse and Heroin Summit, now the nation's largest annual gathering of health care professionals, community leaders, and law enforcement officials to address opioid abuse. ARC has sponsored the Summit since its inception.

Addressing the economic impacts of substance abuse is one of the elements of ARC's POWER initiative, under which special funding is targeted to communities that have been adversely affected by the decline in the coal industry. Earlier this year, for example, we made a \$1 million POWER grant to the Federation of Appalachian Housing Enterprises (FAHE) to finance three community recovery facilities that will support residents' recovery from addiction, provide needed health services, and create job opportunities in Kentucky's coal-impacted communities. One component of this grant will work with patients for 2-3 years and focus on transitioning them from the center's care directly into an internship or job.

ARC recently provided a grant to the Cabell-Huntington Health Department in Huntington, WV, to expand its pilot program of opioid harm reduction services from one site to six sites, making the program available throughout the county. Huntington's 26 overdose cases in just four hours last year made national headlines. Services provided under the program include risk reduction, prevention education, counseling and referral, and community-based naloxone education and training. The services are integrated with primary care and behavioral health providers, and with other social services supports.

The UNITE, FAHE, and Cabell-Huntington projects emphasize the importance of a rich network of supports to help those who have become addicted to drugs and to help prevent addiction in the first place. The importance of this approach was underscored by the report of the President's Opioid Commission. ARC's recent study of health disparities found that Appalachia's social association rate—the number of business, civic, labor, political, professional, religious, and sports organizations per 100,000 population—is 33 percent higher than that of the nation overall.⁷ This suggests a strong foundation of local organizational resources and a strong sense of community that could be leveraged to support regional strategy to turn the corner on the region's opioid problem.

Addressing the opioid crisis will itself create job opportunities in the region. As the report of the President's Commission on Combating Drug Addiction and the Opioid Crisis observes, more health care workers are needed to help address the nation's opioid challenges. Our *Health Disparities* study documents that Appalachia has proportionately fewer of these workers than the rest of the nation.

The Commission believes one way to address the acute and immediate need for more health care and mental health care providers in Appalachia is to invest in strengthening the health care job sector. Last year, an ARC grant of roughly \$360,000 to the Center for Rural Health Development in Hurricane, WV helped capitalize a revolving loan fund designed to strengthen the health care industry in a 15-county region in central West Virginia and helped support the provision of technical and business development assistance to existing health care providers. The fund has already had conversations with potential borrowers seeking funding for opioid treatment centers, though no formal loan applications have yet been submitted. We anticipate this grant will both foster the creation of new health care jobs and strengthen the entrepreneurial environment.

Earlier, I mentioned ARC's "diseases of despair" study. Despair signifies the absence of hope, and given the correlation between economic distress and negative health outcomes seen throughout the Region, it is unfortunately an appropriate label for the opioid crisis facing Appalachia—from both a public health and an economic development standpoint. It also underscores the importance of work undertaken by organizations such as ARC.

ARC's focus is to grow the economy and expand opportunity for the Appalachian Region, which includes creating jobs and preparing our workers to be competitive in a 21st century global economy. Between FY 2012-FY 2016, over 101,000 jobs were created or retained by ARC investments. In FY 2017 alone, ARC investments will help create or retain over 21,000 jobs and train over 30,000 students, workers and leaders in new skills. Each one of these jobs gives someone a reason to get up every day and make the region better for themselves, their kids and their grandkids. And each one these jobs is a reason to be optimistic about Appalachia's future.

⁷ Appalachian Regional Commission. 2017. Health Disparities in Appalachia, p. 310. Retrieved from https://www.arc.gov/assets/research_reports/Health_Disparities_in_Appalachia_August_2017.pdf

Helping create economic opportunities—jobs—in those areas struggling with opioid abuse and other diseases of despair is one key component to what must be a multi-pronged approach to recovery, at both the individual and the community levels: hope.

ARC believes that supporting the workforce and creating new jobs and businesses in the health care sector for Appalachia are strategically important in solving the nation's opioid crisis. These strategies will also help Appalachia achieve socioeconomic parity with the nation.