

## **Colorado Substance Use and Recommendations Regarding Marijuana Tax Revenue**

Substance addiction and abuse is Colorado's most prevalent, complex, costly and untreated public health challenge. It is an issue that affects hundreds of thousands of Coloradans of all ages, races, ethnicities, income levels and backgrounds living in big and small communities, rural areas, suburbs and cities. Substance Use Disorders (SUDs) directly affect individual and community health and are linked to multiple diseases, risky behavior, crime, violence and poverty.

In 2013, Colorado voters approved taxes on legalized marijuana that could generate revenue needed to help tackle Colorado's substance abuse challenge. Proposition AA established a 15 percent excise tax on wholesale marijuana sales and an additional 10 percent tax on retail marijuana sales. Although it required that public school construction receive the first \$40 million of any annual excise tax proceeds and directed 15 percent of the money collected from sales taxes to cities and counties where retail marijuana sales occur, the law made no specific designation regarding much of the new revenue. Proposition AA only required that remaining sales tax revenues are to be used to increase funding for the regulation and enforcement of the retail marijuana industry and to fund related health, education, and public safety costs.

As Colorado's only statewide association representing providers of services for substance abuse prevention, intervention, treatment and recovery, the Colorado Providers Association (COPA) is uniquely positioned to both describe our state's substance abuse challenges and identify effective, evidence-based solutions. COPA's members work directly with communities, programs, families and individuals to change environmental conditions, educate children and adults, treat addictions and support individuals through recovery. COPA drafted this brief to provide Colorado's lawmakers its perspective of Colorado's substance abuse challenge as well as opportunities to effectively distribute Proposition AA revenue.

### **Substance Use Facts**

By most estimates, the costs of addiction are staggering. According to the Office of National Drug Control Policy (ONDCP) and the Substance Abuse and Mental Health Services Administration (SAMHSA), excessive drinking and illicit drug use cost the United States more than \$422 billion in lost productivity and public health and safety expenses. Some estimates, however, put the figure much higher suggesting that federal, state and local government spending as the result of SUDs annually tops more than \$460 billion.

The true costs of untreated alcohol and drug addiction are difficult to measure. It is so pervasive that it directly or indirectly touches almost everyone including individuals struggling with an SUD, families, communities, public agencies and private employers. Substance abuse also affects multiple services, systems and networks including primary health care, social services, criminal justice, corrections, judicial and education. It even has implications for much broader concerns such as national security and the environment.

At its core, addiction is a personal struggle. Drugs and alcohol directly affect the physical and emotional health of the person using them. A person can overdose or suffer alcohol poisoning, and substance abuse can cause severe illness and exacerbate existing physical and mental health conditions. Alcohol and drugs also can lead to dangerous activities and risky behaviors. According to the National Center on Addiction and Substance Abuse (CASA), substance use and untreated addiction result in 20 percent of all deaths and 70 other diseases requiring medical care.



### **Prevalence**

- In 2012, an estimated 23 percent of the population aged 12 and older—59.7 million people—were binge drinkers, defined as having five or more drinks on the same occasion on at least 1 day in a 30-day period. Approximately 6.5 percent of the population aged 12 and older, or 17 million people, were heavy drinkers, defined as binge drinking on at least five days in a 30-day period.
- In 2012, an estimated 23.9 million Americans, representing 9.2 percent of the population aged 12 and older, were illicit drug users.
- In 2012, approximately 22.2 million persons aged 12 and older—8.5 percent of the population—could be classified with substance dependence or abuse. Of these, 2.8 million were classified with dependence on both alcohol and illicit drugs, 4.5 million had dependence or abuse of illicit drugs but not alcohol and 14.9 million had dependence or abuse of alcohol but not illicit drugs.
- Nationally, substance use disorders (SUD) are a leading cause of death accounting for over 100,000 deaths annually. One in four deaths is attributable to alcohol and other drugs. Deaths from drug overdose have become the leading cause of injury death in the United States. Excessive alcohol use is the 3rd leading lifestyle-related cause of death in the U.S.

Colorado has more significant challenges with substance addiction than most other states. According to the National Survey on Drug Use and Health (NSDUH), Colorado ranks above the national average in every measurement for illicit drug and alcohol use and addiction. It ranks among the top ten worst in most categories when compared to other states and jurisdictions.

### **Colorado Alcohol and Drug Abuse Comparison**

<b>Behavior</b>	<b>National Rate</b>	<b>Colorado Rate</b>	<b>Rank</b>
Illicit drug use	8.82%	13.48%	3
Marijuana use	11.47%	16.93%	3
Illicit drugs besides marijuana	3.6%	4.17%	9
Cocaine	1.85%	3.06%	2
Pain relievers	4.89%	6.23%	4
Binge drinking	23.39%	26.21%	12
Alcohol dependence	7.27%	8.71%	4
Alcohol dependence age 12-17	4.59%	5.68%	4
Illicit drug dependence	2.82%	3.19%	4
Illicit drug or alcohol dependence	8.87%	10.21%	6

Source: NSDUH 2009 and 2010 averages.

Note: Rates are the percent of the population age 12 and older. State ranks include the District of Columbia



### **Costs**

- *The health care system* - According to the Colorado Department of Human Services (CDHS), approximately 25% of all people admitted to Colorado hospitals exhibit problems associated with alcoholism. An estimated 30% of emergency room patients have issues related to drinking or illicit drug use. Compared to the general population, people suffering from alcoholism are 60% more likely to seek emergency room care, are twice more likely to be hospitalized overnight and stay in the hospital on average three days longer. Substance abuse and untreated addiction account for as much as a third of all in-patient hospital costs.
- *Law enforcement, criminal justice and corrections* - The FBI reports that in 2012, the highest number of arrests nationally were for drug abuse offenses and driving under the influence. According to CASA, 80 percent of the nation's adult inmates and juvenile arrestees committed their offenses while high, stole to buy drugs, violated alcohol or drug laws or have a history of substance abuse or addiction. CDHS estimates that the annual costs for incarcerating adult offenders with substance use disorders is \$257 million.
- *Motor vehicle fatalities* - In addition to the monetary cost, there are immeasurable costs associated with the distress caused by alcohol-impaired motor vehicle fatalities, dangers from violence related to drug crimes and collateral damage to the health and well-being of children exposed to drug production and consumption. The National Highway Traffic Safety Administration (NHTSA) reports that in 2011, 9,878 people were killed in the United States in motor vehicle crashes where at least one driver had a BAC of 0.08 or higher. According to NHTSA, 161 of those fatalities occurred on Colorado roads, amounting to 36% of all of Colorado's motor vehicle fatalities.
- *The emotional toll* - Substance abuse is also associated with a range of destructive conditions that are difficult to quantify. These include family disruptions, diminished capacity of individuals with an SUD, poverty, lost productivity, failure in school, domestic violence, child abuse, crime and environmental damage. Approximately 70 percent of abused or neglected children are from households with parents who abuse alcohol or drugs. CASA estimates that 90 percent of the homeless population is addicted to alcohol and 60 percent to other illicit drugs.

### **Opportunities for Colorado**

Proposition AA revenue provides opportunities to enhance Colorado's publicly funded substance abuse prevention and treatment services.

### **Prevention opportunities**

Substance abuse prevention funding for the state of Colorado is managed within the Office of Behavioral Health (OBH). As the Federal Single State Authority, OBH is responsible for administering the SAMHSA block grant, which includes a minimum 20% prevention set-aside, as well as federal discretionary grant programs that also focus on substance abuse prevention. COPA strongly recommends that tax revenue dollars that are used to support substance use and abuse prevention be administered through OBH to ensure that funded efforts compliment and build upon current programming. COPA also recommends that dollars be invested in current, effective efforts rather than the creation of new approaches that require start-up time and may lack a proven track record of success. Specifically, we recommend that dollars be used to support the following prevention efforts:



1. **Supplement funding for information campaigns that target underage marijuana use and prescription drug misuse and abuse.** The state has several media campaigns under development and not all are adequately funded to achieve their desired effect. We recommend coordination and possible integration of these efforts along with the provision of funding sufficient to meet targeted goals. This would help to ensure that communication strategies and messaging are aligned and that campaigns have the greatest possible reach.
2. **Invest in current education efforts related to prescription drug abuse and expand this to include underage marijuana use.** Currently OBH funds a statewide education effort focused on the growing problem of prescription drug abuse. This effort includes local presentations, distribution of related resources, and the hosting of events, such as safe disposal opportunities. This project would benefit from additional funding, both to expand its reach in relation to prescription drug abuse efforts and to include efforts related to underage marijuana use.
3. **Invest in and implement efforts through existing community-based coalitions.** Colorado has a rich tradition of implementing successful prevention efforts through community-based coalitions. Most recently, a federal grant, managed by OBH, was used to target binge drinking among Latino youth through a coalition approach. This effort, which completes funding in October 2014, was successful in reducing statewide binge drinking indicators after three years of implementation, entitling the state to an additional \$500,000 in federal incentive dollars. OBH has invested in standardizing local coalition practices using an evidence-based model called the Strategic Prevention Framework. Use of this framework ensures consistency across coalition efforts to effectively use these dollars to impact youth marijuana use.
4. **Expand evidence-based service provision through non-profit organizations.** Colorado has a large number of non-profits that focus on youth substance use and abuse. However, dollars to support direct service programming remain low. The use of tax revenue dollars to expand targeted service delivery is part of a larger strategy to address prevention efforts at multiple levels. In this area, it is critical to invest in program models that have shown strong evidence of effectiveness. We recommend that dollars be made available to support only evidence-based models to maximize the impact of investments in non-profit service delivery.
5. **Expand support for surveillance efforts.** Currently, the state lacks sufficient resources to measure and monitor trends in substance use, including underage marijuana use. Proposed investments in this document should be subjected to annual measurement to assess trends in the state's youth population with respect to underage marijuana use, as well as other illegal substances, to determine if these investments are having their desired effect. We propose that some of the tax revenue dollars be used to supplement current survey efforts in the state to support collection of data that provide both state and local estimates of use.

#### ***Treatment opportunities***

Historically, Colorado has paid for publicly funded SUD treatment programs mostly through the state block grant. OBH annually distributes approximately \$20 million in federal dollars through four Managed Service Organizations (MSOs) to more than 40 direct service treatment providers. Until this year, Colorado has also provided limited SUD treatment benefits through Medicaid on a fee-for-service basis.



In 2014, as the result of the Affordable Care Act and other statewide health reforms, Colorado began transforming Medicaid payment for SUD treatment. The state enhanced the SUD Medicaid benefit and will soon require that many treatment providers receive compensation for services to Medicaid clients through the state's Behavioral Health Organization (BHO) network. The system, however, has not yet been established. As of mid-February 2014, the Colorado Department of Health Care Policy and Financing had not awarded contracts to BHO's for the next fiscal year and prospective BHOs had not yet established provider networks for SUD treatment. Additionally, the new SUD benefit does not cover many critical SUD services offered by many treatment providers.

Because Colorado has not yet fully established a system for adequately funding SUD treatment through Medicaid, COPA strongly favors distributing Proposition AA funds for SUD treatment through the state MSO network. Treatment providers in the MSO network use block grant funds for a full spectrum of SUD services including most of the services not compensated by Medicaid. By enhancing the existing funding infrastructure, Colorado can more rapidly and directly improve SUD treatment.

### **Contact for More Information**

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