

Statement of Corwin Rhyan
on
“The Opioids Epidemic: Implications for America’s Workplaces”
U.S. House Committee on Education and the Workforce
Subcommittee on Health, Employment, Labor, and Pensions & Subcommittee on Workforce
Protections
February 15, 2018

Subcommittee Chairmen Walberg and Byrne, Subcommittee Ranking Members Sablan and Takano, and Distinguished Members of the Committee:

Thank you for the invitation today to testify on the current state of the opioid epidemic, the direct impact it is having on employers and workplaces, the actions we have observed employers taking to combat and mitigate its effects, and the further steps needed to address the crisis. My name is Corey Rhyan and I am a Senior Health Care Policy Analyst for Altarum, a non-profit research and consulting institute headquartered in Ann Arbor, MI. My testimony today is informed by our research estimating the economic impacts of the opioid crisis and our on-the-ground work with local communities to better understand and combat the far-reaching harms of opioid misuse and addiction.

The total economic burden of the opioid crisis exceeded \$95 billion dollars in 2016, including significant costs from losses in productivity and earnings, increased health care costs, and increased expenditures on criminal justice, child and family assistance, and education (see Figure 1).¹ The burden of this epidemic impacts all parts of our society including households and the private sector and federal, state and local governments (see Figure 2). Preliminary data for 2017 indicate this burden has continued to grow—the number of opioid-related overdose deaths in the 12 months prior to June 2017 were 20% higher than they were only a year before.² If this trend continues unchecked, we estimate the total cumulative economic burden from 2017 thru 2020 could exceed \$500 billion dollars for the entire United States (see Figures 3 and 4).

This burden includes impacts of both the misuse and abuse of prescription opioids and illicit drugs such as heroin. The increasing costs of the epidemic have resulted in part due to a rotation

¹ Rhyan, Corwin. (2017). The potential societal benefit of eliminating opioid overdoses, deaths, and substance use disorders exceeds \$95 billion per year. Altarum Research Brief. Retrieved from <https://altarum.org/about/news-and-events/burden-of-opioid-crisis-reached-95-billion-in-2016-private-sector-hit-hardest>. Accessed February 2018.

² Centers for Disease Control and Prevention. Provisional Drug Overdose Death Counts. Available from: <https://www.cdc.gov/nchs/nvss/vsrr/drug-overdose-data.htm>. Accessed February 2018.

from prescription opioid abuse to illicit (and far more deadly) drugs—in 2016 deaths from heroin overdoses and synthetic opioid overdoses, such as fentanyl and carfentanil, each exceeded the number of deaths from natural and semisynthetic opioids such as morphine and oxycodone.³ In the past natural and semisynthetic opioids resulted in the greatest number of overdose deaths. While public policies such as state prescription drug monitoring programs and dispensing limits have limited the availability of prescription opioids for misuse, the recent increase in deaths from heroin and synthetic variants has more than offset progress made in that area.

Costs associated with lost productivity (both forgone earnings resulting from overdose fatalities and non-fatal productivity losses for those suffering from a substance use disorder) were the largest component of the economic burden, exceeding \$56 billion in 2016. These were followed by increased health care costs (\$21.4 billion in 2016) which include the costs of opioid-related emergency department visits and hospitalizations and indirect health care costs associated with increased risks of HIV, Hepatitis B, Hepatitis C, Tuberculosis, and Neonatal Abstinence Syndrome. Finally, the economic burden of the epidemic includes increased public expenditures required to combat opioid misuse and addiction, including criminal justice costs, child and family assistance, and K-12 education expenditures.

Notably, the combined impacts on individuals, households, and the private sector account for the largest share of the societal burden. Driven by premature loss of life due to fatal overdoses, decreased productivity and labor force participation for those suffering from opioid substance-use disorders, and increased health care costs borne by private insurance plans, the cost to individuals and the private sector exceeded \$46 billion dollars in 2016. While this cost is the combined burden on both employers and households, this finding elevates the importance of employers as key stakeholders who have both been directly impacted by the crisis, but also can play a key role in preventing its spread, helping provide treatment and recovery services for those who need it, and mitigating the long-term economic and societal harms.

Thru recent work in Lorain County, Ohio, a medium-sized county just west of Cleveland, we heard from community stakeholders in structured interviews and focus groups about the local

³ Hedegaard, Holly, Warner, Margaret, Miniño. (2017). NCHS Data Brief, No. 294: Drug Overdose Deaths in the United States, 1999-2016. Centers for Disease Control and Prevention. <https://www.cdc.gov/nchs/products/databriefs/db294.htm>. Accessed February 2018.

economic impacts this epidemic can cause. Lorain County had an opioid overdose fatality rate that was 2.5 times the national average in 2016.⁴ Employers there are acutely aware of the impacts of opioids and stakeholders expressed repeatedly that businesses have difficulty finding qualified candidates who can pass a drug test to fill local job openings. Furthermore, employers in Lorain County are concerned about lost productivity on the job, increased health care costs, and workplace accidents caused by employee drug use and substance use disorders. These impacts compound into broader economic harms, including perceived effects of decreased property values and a reduced tax base for local communities.⁵

Finding and retaining qualified applicants is a top employer concern nationally. The current economic recovery and expansion has created over 16 million jobs since the lowest point of the 2008 recession and the unemployment rate has fallen to 4.1%.⁶ However, the current labor market also creates difficulties for employers looking to hire to expand their businesses and meet demand for their products. In July 2009 there were 6.6 unemployed individuals for each job opening, in December of last year this number fell to 1.1 individuals per job opening.⁷ The lack of qualified applicants is driven by multiple factors including a retiring baby boom generation, but in communities suffering from high rates of drug use and addiction, these factors undoubtedly play a role in the shortage of available workers.

Employers have responded to the opioid and addiction crisis by changing their hiring and employment practices to increase the pool of potential employees. Thru our research in Lorain County, OH and subsequent collection of national labor market and employment trends, we have observed employers that are now more likely to consider candidates who have recovered or are recovering from a substance use disorder. Employers are also reconsidering zero-tolerance policies for existing employees and rather than immediate dismissal are working to help provide treatment and recovery services. In the most extreme cases, we have heard employers express a desire to simply no longer drug test candidates for certain positions, knowing that the need for a worker outweighs the risks of forgoing previous company policies. We would also expect if

⁴ Centers for Disease Control and Prevention. Underlying Cause of Death Mortality Data. Available from: <https://wonder.cdc.gov/>.

⁵ Altarum Institute. (2017). Community Assessment of the Opioid Crisis in Lorain County, Ohio.

⁶ Bureau of Labor Statistics. Employment Situation Data. Available from: <https://www.bls.gov/news.release/empsit.toc.htm>.

⁷ Bureau of Labor Statistics. Number of unemployed persons per job opening, seasonally adjusted. Available from: <https://www.bls.gov/charts/job-openings-and-labor-turnover/unemp-per-job-opening.htm#>.

employers continue to struggle to find qualified applicants that they will substitute for greater levels of automation when possible and increase investments in capital that obviate the need for human labor.

Many employers are also taking significant steps to improve the treatment and recovery services offered to their workers suffering from substance misuse or substance use disorders. These businesses should be applauded for their efforts, supported in pursuing better care for their employees, and empowered to find the best solutions for their specific situations. In most cases employers are the primary provider of health insurance for their workers and ensuring that individuals have access to high-quality, evidence-based treatment and recovery services within their communities can offer a first line of defense against serious adverse outcomes like overdoses or death. The sooner substance use problems can be identified and treated, the greater the likelihood an individual can achieve recovery.

Employers should also consider implementing value-based insurance design principles in ways that remove financial barriers to treatment and recovery programs for their enrollees. They should work to engage and collaborate with experts, health care providers, and local treatment and recovery resources. They should be given the flexibility to design and implement interventions that fit their employee population needs and the available community resources, provided that evidence-based practices inform their actions.

Employers can also embrace their role as a key player in efforts to prevent future opioid abuses and addiction. They can offer prescription drug disposal sites for their employees and can work with insurers and third-party administrators to help cut unnecessary opioid prescriptions. They can explore higher financial barriers to accessing opioids by adjusting drug tiers with benefit managers and work to identify high-frequency providers. Additionally, they can ensure alternatives to opioids for managing chronic pain are encouraged through improved insurance design and that mental illness and behavioral health services are covered as these untreated conditions can be precursors to opioid misuse. Finally, employers can be educators and information disseminators for both providers and employees about the risks of opioids and alternatives to pain management. Employers should be empowered to find the right mix of solutions to fit their worker populations and when possible disseminate and share outcomes of their efforts with the broader employer community to help inform best practices.

Finally, employers should recognize that it is not only those with or at-risk for substance use disorders who need support during this epidemic. Caregivers, coworkers, friends, and family members all need flexibility and resources so they can help guide individuals through treatment and recovery. In Lorain County, we heard stories from friends and family members of those suffering from addiction including siblings, parents, and grandparents, many of whom put their own lives on hold to help guide a loved one through the many stages of the recovery process. Where possible, employers should work to support these individuals as they give their own time and effort to help others in the community recover from an opioid substance use disorder.

These subcommittees should be applauded for their initiative to investigate the impacts of the opioid crisis on employers and the workforce. Our work has demonstrated that employers, households, and the private sector all face a substantial economic burden from the opioid crisis and that this burden can be expected to grow if effective, evidence-based approaches are not taken immediately to address this crisis. Moreover, our analyses of the economic burden of the current crisis can only begin to capture the total societal harms opioid misuse and addiction. In fact, the monetized impacts of the crisis like lost wages and increased health care costs are only a small part of the story—the emotional burdens of use, the disparate community impacts, and the loss of family and community members to overdoses are just as important to consider, although not measured in our work to date.

We have also shown that employers can and will be at the forefront of implementing pivotal solutions to prevent future opioid addictions, treat those with substance use disorders, and helping individuals achieve recovery. Public policies should seek to give employers the resources they need to be an active and engaged ally in the fight against addiction and allow them the flexibility where needed to customize approaches to combat this crisis. Solutions to this epidemic will come through a combination prevention, treatment, and recovery activities and will be supported by a wide variety of stakeholders. Including and empowering employers will go a long way towards accelerating the development and implementation of solutions to this nationwide epidemic.

Thank you for the opportunity to present today, I look forward to any questions you may have.

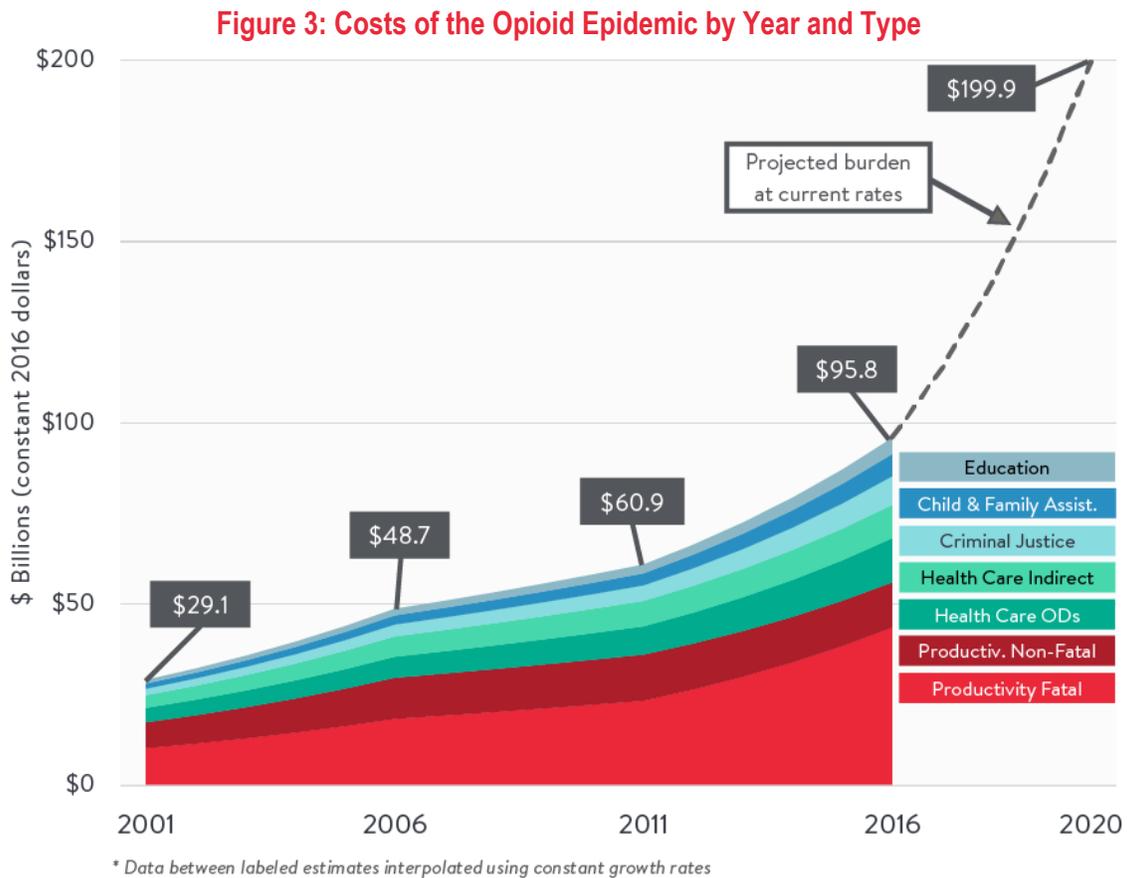
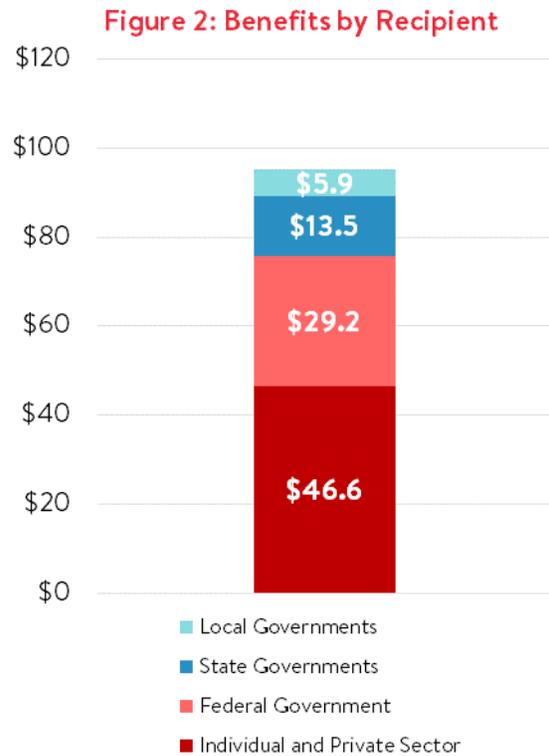
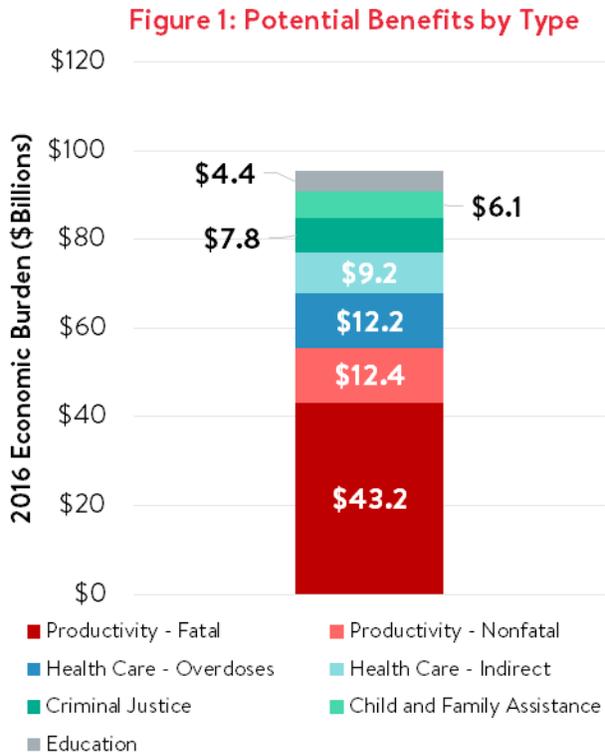
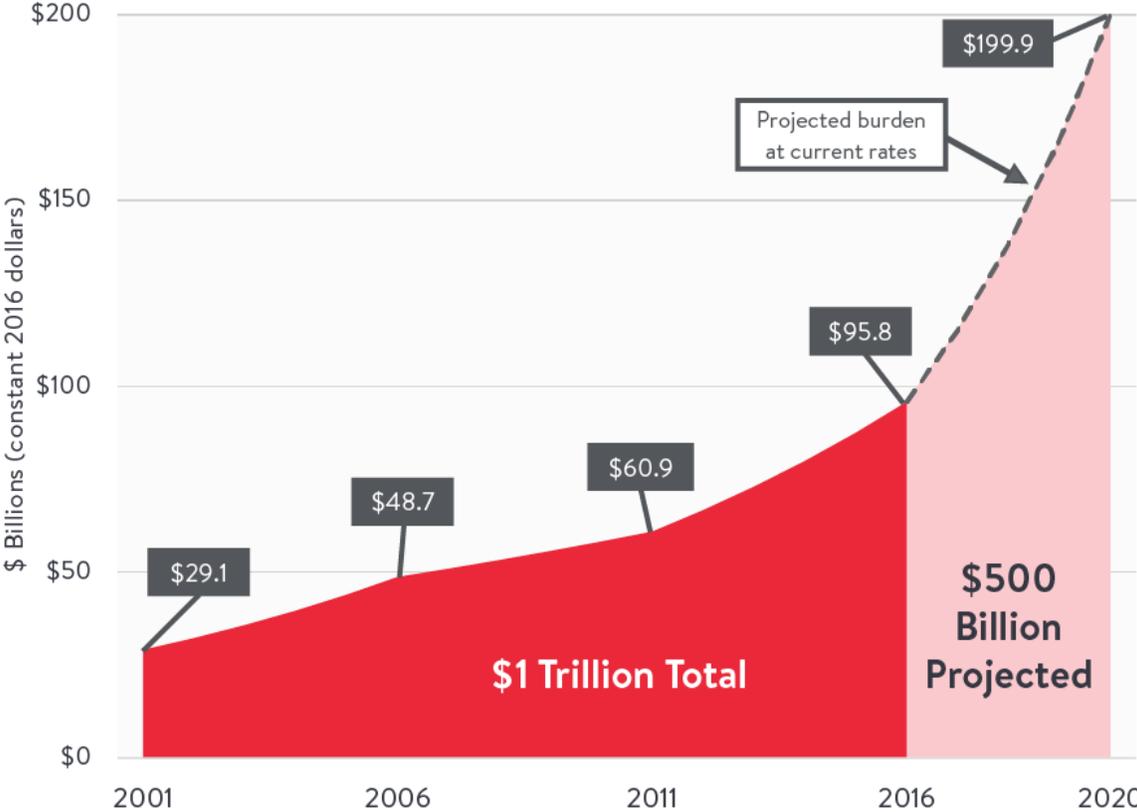


Figure 4: Total and Projected Costs of the Opioid Epidemic



* Data between labeled estimates interpolated using constant growth rates