

**ALASKA STATE LEGISLATURE**  
**SENATE HEALTH AND SOCIAL SERVICES STANDING COMMITTEE**

March 29, 2017

1:30 p.m.

**MEMBERS PRESENT**

Senator David Wilson, Chair  
Senator Cathy Giessel  
Senator Peter Micciche  
Senator Tom Begich

**MEMBERS ABSENT**

Senator Natasha von Imhof, Vice Chair

**COMMITTEE CALENDAR**

PRESENTATION: THE ECONOMIC COSTS OF ALCOHOL AND DRUG ABUSE IN ALASKA

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

JEFF JESSEE, Legislative Liaison  
Alaska Mental Health Trust Authority  
Anchorage, Alaska

**POSITION STATEMENT:** Commented on the Economics Costs of Alcohol and Drug Abuse in Alaska report that was commissioned by the Alaska Mental Health Trust Authority.

DONNA LOGAN, Vice President-Anchorage Operations  
McDowell Group, Anchorage, Alaska

**POSITION STATEMENT:** Presented the Economic Costs of Alcohol Abuse in Alaska report.

**ACTION NARRATIVE**

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**CHAIR DAVID WILSON** called the Senate Health and Social Services Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Begich, Giessel, Micciche, and Chair Wilson.

**PRESENTATION: The Economic Costs of Alcohol and Drug Abuse in Alaska**

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CHAIR WILSON announced that the committee will hear a presentation on the economic cost of alcohol and other drug abuse in Alaska.

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JEFF JESSEE, Legislative Liaison, Alaska Mental Health Trust Authority, Anchorage, Alaska, provided an introductory overview of the McDowell Group's report as follows:

The Alaska Mental Health Trust has been interested in the economic costs of alcohol and drug abuse in Alaska for a number of years. The McDowell Group is an independent organization dedicated to objective research in a number of areas. I want to stress that we did not direct them to come up with any predetermined answer; in fact, you will see some data in here that was a surprise even to the trust, but we feel this is important work because it starts to quantify what the cost to all of Alaskans are to alcohol abuse and drug abuse.

The numbers are quite staggering. The economic cost alcohol abuse alone is \$1.8 billion, the cost of drug abuse is \$1.2 billion; together that's \$3 billion in costs. Now that includes lost productivity, traffic accidents, health-care costs, criminal justice costs, child-protection costs, the impacts of alcohol and drug abuse are felt across the entire economy both at the private sector and in the public sector as well.

We think that as you are making difficult decisions around the budget looking at how to reduce the cost to the state, different parts of government, that at least arguably are trying to do something positive for the state, we need to start really looking at this area of cost and how do we drive down this cost of alcohol and drug abuse. To put this in perspective,

the entire alcohol tax produces just less than \$40 million a year, that's a \$40 million tax to try to deal with a \$1.8 billion problem. The tax has not been increased since 2002, it was not inflation proofed, and those funds buy considerably fewer services today than they did 15 years ago.

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DONNA LOGAN, Vice President-Anchorage Operations, McDowell Group, Anchorage, Alaska, commenced with the McDowell Group's report and addressed the purpose of the report. She explained that the report is the subject matter's fourth generation with improved information that more accurately reflects the economic costs than what was done previously.

She set forth that there are costs associated with alcohol abuse and the cost can be tangible and intangible. She explained that tangible costs examples are medical costs and loss of property. She added that intangible cost would include quality of life issues and pain and suffering. She pointed out that the \$1.8 billion that Mr. Jesse noted does not include the intangible costs associated with alcohol abuse.

She referenced the many adverse health and social consequences from alcohol abuse as follows:

- Increased health care costs - injuries and chronic health conditions.
- Property damage - fire and motor vehicle collisions.
- Increased crime and criminal justice system costs.
- Lost or reduced worker productivity - absenteeism, diminished output while at work, and reduced earnings potential.
- Increased public assistance and social services - social welfare support.
- Increased public sector costs - alcohol-attributable expenditures.

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She addressed page 3 in her presentation, "Why Understanding the Economic Costs Matters" and referenced the following:

- Assessment of the extent of the problem.
- Valuable insights into factors that may influence alcohol abuse and its adverse effects.

- Inform planning and implementation of prevention strategies.
- Assessment of the cost of prevention strategies relative to the cost of alcohol-attributable harms.
- Builds awareness of the public/private sector costs.

MS. LOGAN remarked that everyone is aware of the public costs associated with alcohol abuse, but emphasized that alcohol abuse is quite a cost to the state's employers as well.

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SENATOR GIESSEL addressed fetal alcohol syndrome (FAS) and noted that legislation was recently put into effect that put pregnancy testing into restrooms of alcohol establishments. She asked if the impact from the restroom testing program was part of the McDowell Group's analysis.

MS. LOGAN replied no. She noted that the McDowell Group did capture some of the impacts related to fetal alcohol spectrum disorder (FASD) that will be addressed in her presentation.

MR. JESSE added that research evaluation done for the program Senator Giessel referenced was done by the Institute for Circumpolar Health Research. He pointed out that results from the research are available and opined that the program was incredibly successful.

SENATOR GIESSEL commented that the report Mr. Jesse referenced would be beneficial for committee members to hear what the results are because the pregnancy testing program was initiated by the Senate.

MS. LOGAN referenced the report's methodology with regard to alcohol consumption and noted that the National Survey of Drug Use and Health (NSDUH) was used for the report. She specified that the survey captures ages 12-plus without mixing data sources which makes modeling easier. She added that NSDUH is a rigorous survey with close to 1,000 households surveyed in Alaska on an annual basis. She noted that surveyors go into household, selection is random, and a good cross section is surveyed throughout the state. She added that surveyors are trained to do some clinical diagnosis work which enables reporting on alcohol dependence and alcohol abuse.

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She referenced the methodology used for modeling productivity losses as follows:

- Mortality Causes and Potential Years of Life Lost (PYLL): Health Analytics and Vital Reports and Alcohol-Attributable Fractions (AAF).
- Incarceration: Department of Corrections (DOC) data and Alcohol attributable rates from the Lewin Group's 2010 report, "Economic Cost of Excessive Alcohol Consumption in the United States, 2006."
- Diminished Productive Causes: Lewin report adjusted for Alaska's demographics (Alaska Department of Labor and Workforce Development, American Community Survey (ACS), and the National Survey on Drug Use and Health (NSDUH)).
- Hospitalization and Treatment Causes: Alaska Hospital Facilities Data Reporting Program (HFRP), Alaska Department of Labor and Workforce Development, and AAF.

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SENATOR MICCICHE stated that Alaska is different and commended Ms. Logan for the use of data from Alaska. He asked how national data is adjusted for a state with a "challenged demographic" that has higher health-care costs per capita and more domestic violence, sexual assault, alcoholism, and suicide rates.

MS. LOGAN admitted that the McDowell Group was reliant on national models with the knowledge that the Alaska experience was not captured, but Alaska inputs did go into the models that helped make allowances for some of the differences such as wage rates and population. She agreed that an Alaskan model would be better than the national models.

MR. JESSE remarked that the feeling was the reported costs were "under estimated" and that part of the thinking was for the report to be a conservative estimate with "just the facts" for an accurate picture without exaggeration.

SENATOR MICCICHE noted that his next question was addressed by Mr. Jesse regarding "what side of the horizon" the state's numbers fell in the report, conservative or liberal.

MS. LOGAN stated that she would point out some of the limitations in the report and why the numbers are considered conservative.

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MS. LOGAN continued to address the report's methodology and detailed as follows:

- Criminal Justice and Protective Services:
  - Offenses and Arrests: Department of Public Safety (DPS), FBI, and Lewin Group's alcohol attributable rates.
  - Criminal Justice System: HIH report, "The Cost of Crime to Society: New Crime-Specific Estimates for Policy and Program Evaluation," and Lewin Group's report.
  - Criminal Victimization: Bureau of Justice Statistics, Alaska Department of Labor and Workforce Development (DOLWD) and the American Community Survey (ACS), and Lewin Group's alcohol attributable rates.
  - Protective Systems: "National Survey of Children and Adolescent Well-Being," National Data Archive on Child Abuse and Neglect, Office of Special Counsel (OSC), National Institute on Drug Abuse (NIDA).
  
- Health Care:
  - Inpatient, Emergency Department (ED), and Outpatient Costs: HFDR, NIDA, and Lewin Group's AAF.
  - Treatment for Alcohol Abuse: Division of Behavioral Health (DBH) and Medicaid.
  - Skilled Nursing and Long Term Care: NIDA and Alaska Department of Senior and Disabilities Services (DSDS).
  - FAS/FASD-BVS and Health Analytics, Vital Reports, and Canadian Study, "The Burden of Prenatal Exposure to Alcohol: Revised Measurement of Costs.

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MS. LOGAN continued to address the report's methodology and detailed as follows:

- Public Assistance and Social Services:
  - Federal Government Costs: NIDA and Old Age, Survivor and Disability Insurance (OASDI), Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), and Supplemental Nutrition Assistance Program (SNAP).
  - State Government Costs: NIDA and Division of Public Assistance (DPA).
  
- Underage Drinking:
  - Pacific Institute of Research and Evaluation (PIRE) 2010 study on Underage Drinking in Alaska adjusted to 2016 dollars.
  
- Jobs/Income in Alaska's Alcoholic Beverage Manufacturing and Sales:

- Department of Labor and Workforce Development.
- Alcoholic Beverage Tax:
  - Department of Revenue.
- Implications for Alcohol Abuse Impacts on State GF Budget:
  - Prevention Grants (DHB), Justice System (Court System).

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MS. LOGAN referenced a graph on "Alcohol Consumption Patterns (2013-2014)". She noted that the national survey was used where 1,000 Alaska households were surveyed. She referenced the consumption data patterns as follows:

- Current Alcohol Use (Ages 12+ within the last 30 days):
  - Alaska: 54 percent;
  - U.S.: 52.4 percent.
- Binge Alcohol Use (Male: 5 or more drinks in one sitting within the last 30 days):
  - Alaska: 22.9 percent;
  - U.S.: 22.9 percent.
- Alcohol Dependence or Abuse in Past Year (Having a drink within the last year and meet at least three-clinical criteria that suggests dependency, meeting one-clinical criteria suggests abuse. Criteria may include: withdrawal, persistent desire, loss of activities, and reoccurring psychological problems):
  - Alaska: 6.7 percent;
  - U.S.: 6.5 percent.
- Alcohol Dependence in Past Year:
  - Alaska: 3.2 percent;
  - U.S.: 3.0 percent.

She pointed out that Alaska is not statistically different than what is found elsewhere in the country, something that may be surprising to people.

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She addressed "Alaskan Alcohol Consumption (2013)" and detailed as follows:

- 313,000 drank alcohol within past 30 days.
- 39,000 experienced alcohol dependence or abuse in past year.
- 19,000 experienced alcohol dependency in past year.
- Nationally, Alaska ranked:

- 31st for binge drinking,
- 26th for current alcohol use,
- 21st for alcohol dependence use,
- 20th for alcohol dependence or abuse.

MS. LOGAN reviewed estimated data for "Current Alcohol Use (age 12+), by Age Group" as follows:

- Ages 12-17:
  - Alaska: 9.2 percent;
  - U.S.: 11.6 percent.
- Ages 12-20:
  - Alaska: 21.5 percent;
  - U.S.: 22.8 percent.
- Ages 18-25:
  - Alaska: 59.7 percent;
  - U.S.: 59.6 percent.
- Ages 12 or Older:
  - Alaska: 54.0 percent;
  - U.S.: 52.4 percent.
- Ages 18 or Older:
  - Alaska: 59.1 percent;
  - U.S.: 56.7 percent.
- Ages 26 or Older:
  - Alaska: 59.1 percent;
  - U.S.: 56.2 percent.

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She reviewed "Per Capita (age 14+) Consumption (2013)" as follows:

- 1.6 million gallons of ethanol consumed in Alaska, including consumption by residents and non-resident visitors.
- Alaska per capita consumption (2.73 gallons):
  - Beer: 1.06 gallons of ethanol;
  - Wine: 0.52 gallons;
  - Liquor: 1.16 gallons.
- Average U.S. ethanol consumption: 2.34 gallons per capita (2013).
- Alaska consumption increased slightly in 2014, to 2.79 gallons per capita.

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SENATOR MICCICHE asked for clarification on the "Current Alcohol Use (age 12+), by Age Group" and pointed out that Alaska showed both below and above average percentages versus U.S. percentages.

MS. LOGAN explained that statistically the percentages are not a statistical difference. She noted that over time, the state's underage drinking is trending down.

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She revealed that looking at consumption trends over time, the height of consumption was in 1981. She added that the state's consumption has been flat over the past 20 years.

CHAIR WILSON asked if quarterly data is available from the Department of Revenue to breakdown visitor versus resident alcohol consumption.

MS. LOGAN replied that quarterly information might be available in order to look at seasonal-alcohol consumption.

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She addressed "Total Economic Costs of Alcohol Abuse - \$1.84 Billion" and referenced data as follows:

- Productivity Loss: \$775 million, 42 percent;
- Traffic Collisions: \$594.3 million, 32 percent:
  - Medical: \$38.5 million;
  - Emergency services: \$0.02 million;
  - Market productivity: \$81.4 million;
  - Household productivity: \$22.6 million;
  - Insurance administration: \$9.3 million;
  - Workplace costs: \$1.6 million;
  - Legal costs: \$12.8 million;
  - Congestion costs: \$1.3 million;
  - Property damage: \$4.9 million;
  - Direct costs: \$172.5 million.
  - 5.5 percent of all traffic collisions are caused by alcohol or drug impairment. 704 collisions occurred in the modeled year, equating to 1,690 occupants that were affected in the vehicles. Occupants also include pedestrians.
- Criminal Justice and Protective Services (2014): \$270 million, 15 percent:
  - 9,400 alcohol-related arrests and offenses.

- Alcohol-related arrests and offenses represented 25 percent of the total offenses.
- 7,300 victims of alcohol-related arrests and offenses, representing 17 percent of the total crime victims.
- Criminal Justice System: \$136.2 million, many are borne by the public sector and includes: police, firefighters, and court system.
- Crime victim tangible costs: \$58.2 million.
- Theft was the number-one crime related to alcohol: 2,400 offenses.
- Driving under the influence (DUI) was the second-most crime related to alcohol.
- Assault was the third-most crime related to alcohol.
- DUI is the number-one cost associated with alcohol, approximately \$42 million.
- Homicide is the number-one victim cost associated with alcohol, \$25 million.
- Assault is the number-two victim cost associated with alcohol, \$14 million.
- Child protective services has impacts on families, approximately 40 to 80 percent of the cases of children going into foster care that are affected because of alcohol or drugs.
- Crime victim intangible costs: \$604.9 million, related to quality of life issues, and pain and suffering.
- Health Care: \$182 million, 10 percent:
  - Medical inpatient: \$85.4 million, 48 percent;
  - Medical inpatient admissions: 2,200 in 2015, equates to 10,000-bed days in the hospital;
  - Medical emergency department (ED): \$32.7 million, 18 percent;
  - Medical ED visits: 15,800;
  - Medical outpatient in a hospital setting: \$22.6 million, 12 percent;
  - Alcohol/Drug treatment: \$25.9 million, 14 percent;
  - Alcohol/Drug treatment admissions: 5,000, equates to 14,500-bed days;
  - Alcohol/Drug treatment Medicaid payments: \$12.6 million out of the \$25.9 million was funded by Medicaid;
  - Prescription drugs to treat alcohol abuse or other medical conditions related to alcohol abuse: \$10.7 million, 6 percent;
  - Nursing Home/Long-term care (LTC): \$1.5 million, 1 percent;

- Fetal Alcohol Spectrum Disorders (FASD): \$3 million, 2 percent; the modeling does not capture children diagnosed for FASD after birth.
- Public Assistance: \$14.5 million, 1 percent.
  - Federal social welfare: \$9.4 million, 65 percent;
  - State social welfare: \$5.1 million, 35 percent.

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SENATOR MICCICHE asked to address methodology and inquired how the dollar amount was determined for the homicide-related costs from alcohol.

MS. LOGAN replied that national models were used, primarily with the Lewin Group's attribution percentages based on specific crimes. She detailed that the Lewin Group's modeling indicates that 47 percent of criminal homicide is related to alcohol.

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CHAIR WILSON asked to address the alcohol and drug treatment. He inquired if the treatment was inpatient.

MS. LOGAN surmised that the treatment was inpatient.

MR. JESSE detailed that alcohol and drug treatment would include the grants that are made specifically for treatments. He noted that the Medicaid outpatient is not included because mental health and substance abuse was integrated, and the Medicaid codes cannot be "peeled" apart into whether the unit-of-service was for a mental-health issue or a substance-abuse issue.

MS. LOGAN added that the McDowell Group was able to look at the enrollments for treatment from 24-hour detox, residential, outpatient, and outpatient opioid. She summarized outpatient and residential were included.

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SENATOR BEGICH asked to address FASD. He inquired whether children that are identified for FASD post-birth would be captured in other categorical areas.

MS. LOGAN concurred that some may be captured due to medical issues, but not to the full extent of what the impacts are on schools with special education, etc.

SENATOR BEGICH asked to confirm that the post-identified FASD children are not captured in the categories defined by the McDowell Group.

MS. LOGAN answered correct.

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She addressed "Underage Drinking - \$350 Million" and detailed as follows:

- In 2013-2014:
  - Underage Drinkers: 9 percent of Alaskans age 12-17 and 22 percent of Alaskans age 12-20.
- In 2010, PIRE estimated annual costs from underage Alaskan drinkers at \$350 million (2016\$).
  - Youth violence represents \$168 million, 48 percent of underage drinking costs, followed by youth traffic accidents that represents \$99 million, 28 percent of underage drinking costs.

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CHAIR WILSON asked to address the medical cost related to traffic collision. He inquired if the medical cost was separate from the medical in the health care category.

MS. LOGAN answered yes.

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She addressed "Productivity Losses - \$775.1 Million" and noted that productivity is the number-one economic cost from alcohol abuse. She detailed productivity losses as follows:

- Premature death (primary diagnosis): \$581 million, 75 percent;
- Premature death reasons:
  - Liver disease: 285 deaths in 2015, 191 were men;
  - Suicide;
  - Other poisonings;
  - Alcohol poisoning;
- Incarceration: \$41.5 million, 5 percent:
  - Approximately 1,000 inmates are in prison due to alcohol-related offenses;
  - One third of inmates are in prisons due to alcohol-related offenses;
- Diminished productivity: \$145.6 million, 19 percent;
- Substance abuse treatment: \$1.5 million, 0.2 percent;
- Medical conditions: \$5.0 million, 1 percent.

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SENATOR BEGICH asked to address substance-abuse treatment. He pointed out that productivity is lost when a person is in treatment. He asked if the lowering of the premature death number and a decrease in the incarceration are captured in the modeling. He specified that a trade-off occurs.

MS. LOGAN replied that Senator Begich may be right, but the McDowell Group did not do the analysis that Senator Begich hypothesized.

MR. JESSE remarked that Senator Begich was absolutely right. He said the noted productivity trade-off would be preferred over the other costs.

MS. LOGAN referenced the "State Alcoholic Beverages Tax - Volume" from 1997 to 2015. She referenced a graph that showed a relatively stable volume taxed at 16 million to 18 million gallons from 1997 to 2015.

SENATOR BEGICH pointed out the tax-revenue explosion that occurred from small breweries that started in 2003.

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SENATOR GIESSEL recounted that Ms. Logan referenced 1981 as the highest alcohol consumption year and noted that 1981 was when the first permanent dividend check was issued.

MS. LOGAN referenced the "State Alcohol Beverage Tax Revenue (FY1997 - FY2015)" and noted the tax revenue in FY2015 was \$37.5 million. She detailed that the per capita tax revenue is \$24.82. She noted that the tax law changed in 2003 where a split occurred between revenue retained in the general fund and revenue allocated to the Alcohol and Drug Abuse Treatment and Prevention Fund.

MR. JESSE added that sometimes there is a misapprehension that because only half of the alcohol tax goes into Alcohol and Drug Abuse Treatment and Prevention Fund that that is the only money that is spent on alcohol and drug abuse treatment and prevention; however, that is not the case. He detailed that more than \$40 million was spent on alcohol and drug abuse from a combination of the Alcohol and Drug Abuse Treatment and Prevention Fund and the general fund.

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MS. LOGAN addressed "Local Government Alcohol Tax Sales, 2015" and noted that close to \$5 million was captured locally. She noted that the Municipality of Anchorage and the Matanuska-Susitna Borough were not included in the data.

MR. JESSE added that there are some significant statutory limitations placed in state law that restricts the ability of local governments to tax alcohol separately or to tax alcohol at a rate higher than they tax other commodities which is also a policy issue that may want to be addressed.

MS. LOGAN noted that there is a benefit that comes from the alcohol sector and that is on jobs and payroll. She disclosed that the benefits are not costs to the economy, but the McDowell Group wanted to include the benefit in the report. She detailed that in 2014 there were 2,900 jobs related to the alcohol beverage sector and that includes individuals who work in bars, drinking establishments, alcohol-retail, alcohol-wholesale, and beverage manufacturing as well. She noted that the 2,900 jobs equates to over \$66 million in payroll.

SENATOR GIESSEL asked if tips were included in the alcohol drinking places.

MS. LOGAN answered no.

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SENATOR MICCICHE commented that the wages are very low, and the low wages is part of the committee's discussion. He opined that alcohol is an important part of Alaska's economy, but the intent of committee is to make alcohol a positive economy instead of a negative economy. He said part of the economic cost of alcohol abuse also provides good jobs for those that are trying to set the lives straight of those that are trapped in the web of alcoholism and abuse. He asked how the McDowell Group went on both sides of the fence.

MS. LOGAN replied that the McDowell Group did not do a full-economic analysis of the labor force that included involvement in treatment, medical, and insurance.

MR. JESSE disclosed that another McDowell report will be released that was commissioned by the Alaska Mental Health Trust Authority that looks at the economic impact of alcohol taxes. He detailed that the report looks at the impact of raising the alcohol tax. He explained that raising the alcohol tax would have a negative impact on the industry in addition to lowering

consumption due to higher prices; however, reinvesting the tax dollars would result in people being employed to provide treatment to people that were struggling with alcohol. He noted that the jobs provided by an increase in alcohol taxes significantly exceeds the number of jobs that would be lost.

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SENATOR MICCICHE asserted that he will never call something an economic benefit that is on the backs of human misery a positive thing; however, he emphasized that no committee members were talking about that. He said his statement was his attempt to put the report in context so that he could understand. He reiterated that the wage numbers related to the alcohol industry looks very low when consideration is given to tourism, restaurants, and package stores across the state.

MS. LOGAN replied that many of the jobs are likely part-time jobs as well.

SENATOR GIESSEL asked Mr. Jesse how he knows that increasing the tax on alcohol decreases consumption. She inquired if Mr. Jesse's comment was based on a study.

MR. JESSE replied that there have been extensive studies about the price elasticity around alcohol and in fact, the greatest price sensitivity to consumption is among under-aged drinkers. He disclosed that the upcoming report will include data on decreased consumption.

SENATOR GIESSEL agreed with Mr. Jesse's observation on under-aged drinkers, but asked about the impact of higher taxes on adult drinkers.

MR. JESSE answered that higher taxes would have an impact on older drinkers as well. He set forth that the Alaska Mental Health Trust Authority believes in presenting the facts and the fact is there will be some reduction in consumption and that will have an economic effect on the industry. He asserted that the Alaska Mental Health Trust Authority intends to be fair and honest. He revealed that in Canada and some states have looked at and or implemented minimum pricing where alcohol cannot be priced below a certain price point in order to prevent very low-cost alcohol.

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MS. LOGAN "Jobs and Wages - Alcoholic Beverage Sector, 2014" and detailed as follows:

- Total Jobs: 2,887:
  - Alcohol Drinking Places: 55 percent;
  - Alcohol-Retail: 23 percent;
  - Beverage Manufacturing: 12 percent;
  - Alcohol-Wholesale: 9 percent.
- Total Wages: \$66.4 million:
  - Alcohol Drinking Places: 41 percent;
  - Alcohol-Retail: 22 percent;
  - Beverage Manufacturing: 20 percent;
  - Alcohol-Wholesale: 17 percent.

MS. LOGAN summarized on the cost of alcohol abuse in Alaska as follows:

- \$1.84 billion: total costs of alcohol abuse (2016),
- \$66.4 million: total Alaska's alcoholic beverage sector payroll (2014),
- \$37.6 million: total Alaska alcohol beverage tax revenue (FY2015),
- \$4.9 million: local government alcohol sales tax revenue (2015).

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She addressed "The Economic Costs of Drug Abuse in Alaska, 2016." She provided details on "Illicit Drug Use, 2013 - 2014" as follows:

- Current Illicit Drug Use:
  - Alaska: 13.2 percent,
  - U.S.: 9.8 percent.
- Past Marijuana Use:
  - Alaska: 19.6 percent,
  - U.S.: 12.9 percent.
- Current Marijuana Use:
  - Alaska: 11.9 percent,
  - U.S.: 8.0 percent.
- Current Drug Use Other than Marijuana:
  - Alaska: 3.5 percent,
  - U.S.: 3.3 percent.
- Past Cocaine Use:
  - Alaska: 1.5 percent,
  - U.S.: 1.7 percent.
- Past Nonmedical Pain Reliever Use:



- Alaska: 4.4 percent,
  - U.S.: 4.1 percent.
- Illicit Drug Dependence or Abuse Past Year:
  - Alaska: 3.2 percent,
  - U.S.: 2.6 percent.
- Illicit Drug Dependence Past Year:
  - Alaska: 2.2 percent,
  - U.S.: 1.9 percent.

MS. LOGAN provided details on "Illicit Drug Use, 2013 - 2014" as follows:

- 77,000 Alaskans used illicit drugs within the past 30 days:
  - 69,000 consumed marijuana,
  - 20,000 used other illicit drugs.
- 26,000 Alaskans used pain relievers for non-medical purposes in the past year.
- 13,000 Alaskans are dependent on illicit drugs.
- Marijuana consumption is the only drug in Alaska statistically different than U.S.:
  - 12-percent Alaskans used marijuana in past 30 days versus 8 percent in the U.S.
  - 20-percent Alaskans used marijuana in past year versus 13 percent in the U.S.

She addressed the "Total Economic Costs of Drug Abuse - \$1.22 Billion" as follows:

- Productivity Loss: \$542 million, 45 percent;
- Traffic Collisions: \$396 million, 33 percent;
- Criminal Justice and Protective Services: \$136 million, 11 percent;
- Health Care: \$134 million, 11 percent;
- Public Assistance and Social Services: \$7 million, 1 percent.

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She addressed "In Conclusion" regarding the cost of alcohol and drug abuse in Alaska as follows:

- \$1.84 billion: total economic costs of alcohol abuse (2016).
- \$1.22 billion: total economic costs of drug abuse (2016).

- \$3.10 billion: total combined economic costs of alcohol and drug abuse in Alaska (2016).

MR. JESSE specified that the report was not designed to in anyway indict the industry. He noted that Senator Micciche pointed out that the alcohol industry is an important economic part of Alaska's economic system. He remarked that if everyone drank responsibly then there would not be virtually any of the negative costs; however, the fact is that alcohol is a very highly abused product and as a result there are very substantial economic costs across Alaska.

He set forth that the Alaska Mental Health Trust believes that it is important to look at the data from the report because the \$3.1 billion is almost identical to the entire fiscal gap that the Legislature is struggling with.

SENATOR MICCICHE agreed with Mr. Jesse and noted that the industry is just as concerned with the demographics. He said to Mr. Jesse, "I certainly did not take it that way by any means whatsoever." He asserted that the industry is an important part in the state. He pointed out that many Alaskans are struggling with substance abuse and that was the focus of not only reducing the economic cost, but the social and cultural costs as well, a point that he takes from the numbers on the negative dollar impacts. He clarified that he understood the value of the study.

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MR. JESSE stated that from the Alaska Mental Health Authority's perspective, the economic costs are very important; but, it is the impact of the substances on the Alaska Mental Health Authority's beneficiaries in terms of its impact on their lives and quality of life.

SENATOR BEGICH commented that his hope is that in future work the relationship between the treatment dollars spent and the impact in producing the numbers can be shown. He noted that a substantive baseline has been set that can be used in future years to show the relationship between investment and the impact on the costs to society. He commented that there is a direct relationship between addressing the issues and ultimately reducing the costs in the long run. He set forth that the report is a great work for a starting point.

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SENATOR MICCICHE commented that he is worried that the attention given to the opioid crisis that a "shiny thing" effect will

occur that detracts from alcohol abuse's impact on Alaska. He opined that applying the social cost to alcohol abuse would create a much wider spread between alcoholism and other substances. He opined that alcohol is still easier, socially acceptable and a problem that many Alaskans have their entire lives. He summarized that alcohol underlies as the number-one-social cost in the state.

SENATOR GIESSEL opined that looking further there would be a finding of concurrent use and potentiation from alcohol's effect on the individual. She stated that correlating concurrent use would be interesting.

MR. JESSE replied that Senator Micciche's point is well made. He shared his personal experience with alcoholism. He stated that many people struggle with alcohol, but remain anonymous.

CHAIR WILSON thanked the presenters.

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There being no further business to come before the committee, Chair Wilson adjourned the Health and Social Services Committee at 2:49 p.m.