SB 221

<TARGET><BILL>SB 221</BILL><SUBJECT>SB 221</SUBJECT><COMM>SFIN27</COMM></TARGET>

ALASKA STATE LEGISLATURE
SENATE FINANCE COMMITTEE

Senator Bert Stedman, Co-Chair
State Capitol, Room 516
Juneau, Alaska 99801-1182
(907) 465-3873 Phone
(907) 465-3922 Fax
Senator_Bert_Stedman@legis.state.ak.us

Senator Lyman Hoffman, Co-Chair
State Capitol, Room 518
Juneau, AK 99801-1182
Phone (907) 465-4453
Fax (907) 465-4523
Senator_Lyman_Hoffman@legis.state.ak.us

SPONSOR STATEMENT – SENATE BILL 221

SB 221 – An Act relating to the disposition of proceeds from the alcoholic beverage tax and to the alcohol and other drug abuse treatment and prevention fund.

The state of Alaska is projected to collect nearly $40 million dollars from the existing alcohol excise tax in FY2013. SB 221 allocates 100 percent of existing alcohol tax revenue to the Alcohol and Other Drug Abuse Treatment and Prevention Fund (ADTP). In 2002, State Representative Lisa Murkowski championed HB225 to raise the alcoholic beverage tax and establish the ADTP to "help provide revenue needed for the expanded treatment, therapeutic courts, diversion programs and other initiatives now under consideration in the Legislature." Since 2003, only 50 percent of funds collected from the existing alcohol tax have been appropriated to the ADTP. While the political reasoning for the fund was to expand treatment, decreases in general fund spending have left overall funding for substance abuse treatment and prevention reduced or stagnant.

Despite passage of HB 225, demand for residential treatment, intensive outpatient, aftercare and community treatment and prevention programs continue to dramatically exceed the substance abuse treatment system's capacity. Providers throughout the state report treatment beds are full to capacity, long waiting lists exist for services they offer, and there are numerous requests for services they can't provide.

According to the Division of Behavioral Health, when the 141,000 uninsured Alaskans living at or below 250 percent of the federal poverty index become eligible for publicly funded health insurance after 2014 under federal law, (based on 2006 prevalence estimates) at least 2,800 of these adults can be expected to experience a substance abuse disorder requiring treatment. Federal match funds (FMAP) will provide 100 percent funding for expanded populations from 2014-2016, then phase down to a 90 percent match by 2020. Failing to build adequate alcohol and drug treatment capacity for the Medicaid expansion will have a profound impact on State General Fund expenditures for the Medicaid program long into the future. Passage of SB 221 will provide supplemental funding to expand treatment capacity statewide by addressing the backlog of capital budget requests for evidence-based detox and treatment facilities, as well as reinforce and expand current substance abuse treatment programs.

Alcoholism and drug abuse are inextricably linked to Alaska's epidemic levels of domestic violence and sexual assault, suicide, child neglect cases and rising corrections costs. According to a 2005 McDowell report, costs incurred as a result of substance abuse neared $738 million annually. With a small statutory change, all monies collected from alcohol taxes can be put toward proven substance abuse treatment and prevention programs. I strongly urge you to join in support of SB 221 to allocate 100 percent of existing alcohol tax revenue for substance abuse treatment and prevention.

Behavioral Health Response
LegLog 870
Breakdown of Funding for SA Treatment & Prevention by Component and Fund Source
11/3/2011

Behavioral Health offers response to the following request:

- Can we provide a breakdown of our alcohol and drug treatment and prevention programs by component showing funding by fund source for FY11? FED, UGF, DGF, Other.

Based on the associated core services, Behavioral Health recognizes the expenditures and revenue in the following components as Substance Abuse related.

- AK Fetal Alcohol Syndrome Program – SA Prevention and Intervention
- Alcohol Safety Action Program (ASAP) – SA Prevention and Intervention
- Community Action Prevention & Intervention - SA Prevention and Intervention
- Rural Services & Suicide Prevention - SA Prevention and Intervention
- Behavioral Health Grants – SA Treatment

The attached spreadsheet reports actual expenditures and revenue in the above components for FY11. The expenditures and revenue reported for Substance Abuse Administration are based on an allocation proportionate to the expenditures in the substance abuse components vs. the expenditures in the mental health related components. The expenditures reported for Substance Abuse Medicaid are available at the collocation code level.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version	**SB 221**
Fiscal Note Number	1
(S) Publish Date	3/23/12

Identifier (file name)	SB221-DOR-TAX-03-15-12	Dept. Affected	Revenue
Title	Alcoholic Bev. Tax/Prevention	Appropriation	Taxation and Treasury
		Allocation	Tax
Sponsor	Senate Finance		
Requester	Senate HSS	OMB Component Number	2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Initial fiscal note.

Prepared by	Johanna Bales, Deputy Director	Phone	907-269-6628
Division	Tax	Date/Time	03/15/2012; 3:00 pm
Approved by	Jerry Burnett, Director Administrative Services Division Department of Revenue	Date	3/15/2012

FISCAL NOTE #1

STATE OF ALASKA **BILL NO.** SB 221
2012 LEGISLATIVE SESSION

Analysis

Bill Language:
Under current statute, 50% of the Alcoholic Beverage Excise Tax is deposited into the alcohol and other drug abuse treatment and prevention fund , a subaccount within the general fund, and the remaining 50% is deposited directly into the general fund. This bill would require the entire proceeds of the Alcoholic Beverage Excise Tax to be deposited in the alcohol and other drug abuse treatment and prevention fund established in the general fund. In FY 2011, the Tax Division collected approximately $38.7 million in total alcoholic beverage excise tax. Approximately $19.3 million was deposited in the alcohol and other drug abuse treatment and prevention fund. Under this bill, the entire amount would be deposited in the drug abuse treatment and prevention fund.

Revenues:
The bill has no effect on total revenues.

Expenditures:
The department can implement the provisions of the bill with existing resources.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version: **SB 221**
Fiscal Note Number: 2
(S) Publish Date: 3/23/12

Identifier (file name): SB221-DOA-DOF-3-16-12
Title: Alcoholic Bev Tax/Prevention Fund
Sponsor: Senate Finance Committee
Requester: Senate Health and Social Services

Dept. Affected: Administration
Appropriation: Centralized Administrative Services
Allocation: Finance
OMB Component Number: 59

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY13**	**FY13**	**FY14**	**FY15**	**FY16**	**FY17**	**FY18**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

FUND SOURCE		(Thousands of Dollars)						
1002	Federal Receipts							
1003	GF Match							
1004	GF							
1005	GF/Prgm (DGF)							
1037	GF/MH (UGF)							
1178	temp code (UGF)							
TOTAL		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES							

Estimated SUPPLEMENTAL (FY12) operating costs _____ *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Not applicable, initial version.

Prepared by: Scot Arehart, Director — Phone: 465-3435
Division: Division of Finance — Date/Time: 3/16/2012 1:00pm
Approved by: John Cramer, Deputy Commissioner — Date: 3/16/2012
Department of Administration

(Revised 1/17/2012 OMB)

FISCAL NOTE #2

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. SB 221

Analysis

This bill relates to the disposition of proceeds from the alcoholic beverage tax and to the alcohol and other drug abuse treatment and prevention fund.

This fund was established several years ago, and there are processes in place for the Department of Revenue to make the deposits of taxes, and the Department of Health and Social Services to expend the funds upon receiving an appropriation.

This bill will have no fiscal impact on the Department of Administration, Division of Finance.

MAT-SU HEALTH FOUNDATION

950 E. Bogard Road, Suite 218 • Wasilla, AK 99654
Phone: (907) 352-2863 • Fax: (907) 352-2865
www.matsuhealthfoundation.org

March 30, 2012

Senator Lyman Hoffman, Co-chair
Senator Bert Stedman, Co-chair
Senate Finance
Alaska State Legislature
Alaska State Capitol
Juneau, AK 99801

Dear Senator Hoffman and Senator Stedman:

Please accept this letter of support for HB 78. The Mat-Su Health Foundation (MSHF) is a 501c3 that owns part of the Mat-Su Regional Medical Center. We invest revenues from our local hospital into grants to improve the health of Mat-Su residents. MSHF's mission is to improve the health and wellness of Alaskans living in Mat-Su, with the goal to become the healthiest borough in the state of AK by 2017. We have four strategies to reach this goal. One strategy is to reduce barriers to healthcare access.

One key barrier to access is the lack of healthcare professionals to deliver healthcare services. On the acute care side, building a new hospital has helped our community attract qualified physicians, specialists, and nursing and technical staff to deliver the quality care our Mat-Su residents need and deserve. MSRMC spends thousands of dollars annually to recruit these professionals, most of them from out-of-state—especially for hard to fill positions for pharmacists, physical therapists, occupational therapists, and others for which there is no professional education within the state of AK.

Until the needed clinician is recruited, the hospital still has to deliver that quality care. In the interim, it hires "travelers" from out of state with the credentials to fill these needed slots. MSRMC spent $6,447,814 from 2004 through 2010 on contract, temporary health professionals from outside AK to fill current needs. And that is probably one of the lowest expenditures for contract labor of hospitals in the state. Because we have a relatively new hospital in a growing community, we have had great success in recruiting. So believe it or not, this $6.4 million is low by industry standards.

Despite what MSRMC is doing, MSHF is still concerned this workforce barrier is limiting access Mat-Su residents have to primary care in particular. We're doing our part by offering scholarships to Mat-Su residents pursuing education for a career in healthcare and are giving away $100,000 this year. It's not enough, and it's not nearly as effective as loan repayment and incentive programs.

We've been studying the various ways to either educate our young adults here in healthcare professions or encourage our young adults to return to AK to work after getting their education outside or ways we could incentivize healthcare professionals to return or move to Alaska to provide services in local clinics and hospitals to Alaskan citizens. National studies have determined loan repayment and incentive programs to be two of the most effective strategies in terms of both recruitment and retention. I've attached a resolution passed by the MSHF Board of Directors in support of the State's investment in a loan repayment and incentive program. This offers more details about the workforce needs in Mat-Su.

I commend you for closely watching the state budget and looking critically at state spending. An investment in a loan repayment and incentive program is just that—an investment. And it has a phenomenal return. Every doctor that moves to our state represents a new business, one that employs receptionists, nurses, bookkeepers, accountants, technicians, etc. Every healthcare professional we recruit will generate jobs and income to our state—an incredible return on investment. Please make this return possible by passing HB 78.

Sincerely,

Elizabeth Ripley

Elizabeth Ripley
Executive Director
Mat-Su Health Foundation

RASMUSON FOUNDATION

301 W. Northern Lights Blvd.
Suite 400
Anchorage, AK 99503

907.297.2700 *tel*
907.297.2770 *fax*
877.366.2700 *toll-free in Alaska*
rasmusonfdn@rasmuson.org *email*
www.rasmuson.org

March 29, 2012

The Honorable Senate Finance Committee
Senators Lyman Hoffman and Bert Stedman, Co-Chairs
Alaska State Legislature
State Capitol, Room 532
Juneau, Alaska 99801

RE: Letter of Support for SB 221

Dear Senators Hoffman and Stedman:

Thank you for the invitation from the Senate Finance Committee to comment on Senate Bill 221, an Act relating to the disposition of proceeds from the existing alcohol tax to the alcohol and other drug abuse treatment and prevention fund.

Substance abuse and dependence and their consequences are associated with substantial health and social costs. Large numbers of Alaskans continue to suffer from the effects of substance abuse, and it remains one of our most serious health and social problems. Substance abuse is a contributing factor in suicides, crime, domestic violence, child abuse, unemployment, school dropout rates, and juvenile delinquency.

We need to prevent, intervene early, treat and help people recover from substance abuse. Senate Bill 221 is designed to do just that.

Our research into this topic indicates that there are insufficient resources to fully address this problem in Alaska; therefore, we support increasing the capacity of substance abuse treatment programs in Alaska by dedicating 100 percent of the taxes collected under the Alcoholic Beverage Tax to the Alcohol and Other Drug Abuse Treatment and Prevention Fund (ADTP). These funds would supplement, not supplant, the existing undesignated general funds to the ADTP for this purpose.

Best regards,

Diane Kaplan
President

BOARD of DIRECTORS
Edward B. Rasmuson
Chairman
Jeff Cook
Douglas Eby
Adam Gibbons
Lile R. Gibbons
Linda Leary
Anthony Mallott
Roberta Quintavell
Cathryn Rasmuson
Judy Rasmuson
Mary Louise Rasmuson
Natasha von Imhof

PRESIDENT
Diane Kaplan

Department of Health and Social Services
Division of Behavioral Health
FY11 Substance Abuse Maintenance of Effort (MOE)
Source: FY11 Actuals from the Alaska Budget System (ABS)

The following spreadsheet shows the allocation detail for the actual expenditures and revenue during FY11. Data source Alaska Budget System. All funds are in thousands of dollars. The State of Alaska fiscal year is from July 1 to June 30.

	M	N	O	P	Q	R	S	T	U
1	Substance Abuse Medicaid	Substance Abuse Admin	Substance Abuse Prevention				Substance Abuse Treatment	Boards & Commissions	Substance Abuse TOTAL
2	SA Rehab	BH Admin	AK FAS Program	Alcohol Safety Action Program	Community Action Prevention & Intervention Grants	Rural Services & Suicide Prevention	Behavioral Health Grants	ABADA	
3 71000 Personal Services		4009.4		1,626.8				270.0	5,906.2
4 72000 Travel		244		21.3	11.0			90.6	366.9
5 73000 Services		2170.7	89.0	196.2	410.3	451.4	1,093.3	67.4	4,478.3
6 74000 Commodities		43		26.4	1.6	12.4		12.9	96.3
7 75000 Capital Outlay				0.0	0.0	0.0			-
8 77000 Grants & Benefits	12,755.0		1,274.4	1,552.8	3,119.3	2,462.0	28,024.8		49,188.3
9 78000 Misc./Debt Service				0.0					-
10	12,755.0	6,467.1	1,363.4	3,423.5	3,542.2	2,925.8	29,118.1	440.9	60,036.0
11									
12 **Funding Sources:**									
13 1003 G/F Match	517.4	783.6							1,301.0
14 1004 Gen Fund	807.7	83.2	1,363.4	875.8	947.0	313.1	9,306.0	21.3	13,717.5
15 1005 GF/Prgm				365.8					365.8
16 1007 I/A Rcpts		59.4		1,063.7			1,169.4	19.3	2,311.8
17 1013 Alchl/Drug									-
18 1037 GF/MH	2,375.7	2625.1		722.4	1,507.2	128.9		222.6	7,581.9
19 1061 CIP Receipts									-
20 1092 MHTAAR		242.7					188.7	169.3	600.7
21 1108 Stat Desig	4.9	19.8							24.7
22 1168 Tob Ed/Ces		859.9							859.9
23 1180 ADTP Fund				131.7		2,115.0	15,144.4		17,391.1
24 Non-Federal Subtotal	3705.7	4673.7	1,363.4	3,159.4	2,454.2	2,557.0	25,808.5	432.5	44,154.4
25 1002 Fed Rcpts	9049.3	1793.4		264.1	1,088.0	368.8	3,309.6	8.4	15,881.6
26 TOTAL	12,755.0	6,467.1	1,363.4	3,423.5	3,542.2	2,925.8	29,118.1	440.9	60,036.0

29 **Substance Abuse Maintenance of Effort**	FY11 Actual SA MOE
30 SA Medicaid (cell M24)	3,705.7
31 SA Admin (cell N24)	4,673.7
32 SA Prevention (cells O24-R24)	9,534.0
33 ABADA	432.5
34 SA Treatment (cells S24)	25,808.5
35 SA MOE (cell U23)	44,154.4

36
37
38 revenue detail is preliminary (submitted by DHSS Budget but not approved by OMB as of 10/31/2011)

39 Budget but not approved by OMB as of 10/31/2011)

1		Substance Abuse Medicaid	Substance Abuse Admin	Substance Abuse Prevention				Substance Abuse Treatment	Boards & Commissions	Substance Abuse TOTAL
2		SA Rehab	BH Admin	AK FAS Program	Alcohol Safety Action Program	Community Action Prevention & Intervention Grants	Rural Services & Suicide Prevention	Behavioral Health Grants	ABADA	
13	1003 G/F Match	517.4	783.6							1,301.0
14	1004 Gen Fund	807.7	83.2	1,363.4	875.8	947.0	313.1	9,306.0	21.3	13,717.5
15	1005 GF/Prgm				365.8					365.8
18	1037 GF/MH	2,375.7	2625.1		722.4	1,507.2	128.9		222.6	7,581.9
22	1168 Tob Ed/Ces		859.9							859.9
	TOTAL GENERAL FUNDS	3,700.8	4351.8	1,363.4	1,964.0	2,454.2	442.0	9,306.0	243.9	23,826.1

Department of Health and Social Services
Division of Behavioral Health
FY12 Authorized - Substance Abuse Components
Source: Alaska Budget System (ABS)

		H	I	J	K	L		M	N	O
1		Substance Abuse Prevention				Substance Abuse Treatment	Boards	**Substance Abuse Total**	Unallocated to MH & SA until Actual Expenditures are Recorded	
2		AK FAS Program	Alcohol Safety Action Program	Community Action Prevention & Intervention Grants	Rural Services & Suicide Prevention	Behavioral Health Grants	ABADA		BH Medicaid	BH Admin
3	71000 Personal Services		1,831.6				307.1	2,138.7		7,242.1
4	72000 Travel		71.7				93.1	164.8		692.9
5	73000 Services	194.1	387.8	478.0	398.6	1,579.0	114.6	3,152.1	1,551.9	3,408.8
6	74000 Commodities		120.0	30.0	10.0		22.9	182.9		202.0
7	75000 Capital Outlay						3.5	3.5		
8	77000 Grants & Benefits	1574.4	1,627.4	6,227.9	2,713.0	29,842.7		41,985.4	175,745.7	85.0
9	78000 Misc./Debt Service							-		
10		1,768.5	4,038.5	6,735.9	3,121.6	31,421.7	541.2	47,627.4	177,297.6	11,630.8
11										
12	**Funding Sources:**									
13	1003 G/F Match							-	7,518.8	947.0
14	1004 Gen Fund	1,409.0	786.2	863.7	285.9	1,678.8		5,023.6		674.7
15	1005 GF/Prgm		392.9					392.9		134.5
16	1007 I/A Rcpts		902.2	1,400.0		1,771.5	22.5	4,096.2		190.2
17	1013 Alchl/Drug (incl w fed)							-		2.0
18	1037 GF/MH	359.5	852.4	1,547.2	148.9	8,664.3	235.8	11,808.1	73,560.8	5,018.2
19	1061 CIP Receipts		638.4					638.4		352.6
20	1092 MHTAAR					275.0	234.0	509.0		666.8
21	1108 Stat Desig							-	717.5	182.5
22	1156 Rcpt Svcs							-		
23	1168 Tob Ed/Ces							-		921.0
24	1180 ADTP Fund		142.0		2,186.8	15,558.2		17,887.0	1,500.0	231.4
25	GF Subtotal	1,768.5	3,714.1	3,810.9	2,621.6	27,947.8	492.3	40,355.2	83,297.1	9,320.9
26	1002 Fed Rcpts		324.4	2,925.0	500.0	3,473.9	48.9	7,272.2	94,000.5	2,309.9
27	TOTAL	1,768.5	4,038.5	6,735.9	3,121.6	31,421.7	541.2	47,627.4	177,297.6	11,630.8
28										

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER
FINANCE AND MANAGEMENT SERVICES

SEAN PARNELL, GOVERNOR

P.O. Box 110601
Juneau, AK 99811-0601
Phone: (907) 465-1630
Fax: (907) 465-2499

March 19, 2012

The Honorable Senator Johnny Ellis
Alaska State Legislature
State Capitol, Room 119
Juneau, AK 99801-1182

Dear Senator Ellis:

On March 16, 2012, the Department of Health and Social Services received the following question from your staff regarding the list of grantees receiving Alcohol and Drug Abuse Fund:

- ***Please provide a list of DHSS grantees receiving Alcohol/Drug Fund and how much.***

Please see the attached list of FY2012 Division of Behavioral Health Grants for Substance Abuse Treatment and Prevention.

If you have additional questions regarding this issue, please contact me at 465-1630.

Sincerely,

Nancy Rolfzen
Assistant Commissioner

Enclosure

cc: Amanda Ryder, Fiscal Analyst, Legislative Finance
Sarah Brinkley, Budget Analyst, Office of Management and Budget
William J. Streur, Commissioner
Ree Sailors, Deputy Commissioner
Kimberli Poppe-Smart, Deputy Commissioner
Melissa Stone, Director, Division of Behavioral Health
Laura Baker, Deputy Director, Finance and Management Services

Wilda Laughlin, Legislative Liaison
Dirk Anderson, Budget Manager

Log 1102/2012

SUBSTANCE ABUSE TREATMENT GRANTS

Grant Number	Agency	$ GF	$ ADTP	Total
602-12-231	Akeela - AWRC		241,415	241,415
602-12-237	Akeela - KTN		446,061	446,061
602-12-230	Akeela, Inc.		413,689	413,689
602-12-280	Alaska Addiction Rehabilitation Service, Inc.		533,556	533,556
602-12-260	Alaska Family Services (Mat-Su Recovery Center)		328,008	328,008
602-12-254	Alaska Island Commuity Services		132,724	132,724
602-12-268	Aleutian/Pribilof Islands Association		104,105	104,105
602-12-210	ARC of Anchorage		41,253	41,253
602-12-281	Bristol Bay Area Health Corporation		205,580	205,580
602-12-282	Central Peninsula General Hospital		87,807	87,807
602-12-232	Cook Inlet Council on Alcohol & Drug Abuse		374,552	374,552
602-12-233	Cook Inlet Tribal Council		1,126,292	1,126,292
602-12-283	Copper River Native Association		83,070	83,070
602-12-001	Maniilaq		462,030	462,030
602-12-285	Narcotic Drug Treatment Center, Inc.		641,567	641,567
602-12-274	North Slope Borough		106,070	106,070
602-12-002	NSHC		874,106	874,106
602-12-275	Railbelt Mental Health & Addictions	114,492	72,000	186,492
602-12-235	Salvation Army Clitheroe Center		2,067,231	2,067,231
602-12-057	SEARHC (JYS)	-	102	102
602-12-200	Southcentral Foundation -McGrath	-	20,811	20,811
602-12-211	TCC (FY10 less $956,896 xferred out to FNA)	474,116	156,682	630,798
602-12-236	Volunteers of America of Alaska, Inc.		983,352	983,352
602-12-005	YKHC		1,062,648	1,062,648
602-12-271	Fairbanks Native Association	-	3,120,704	3,120,704
602-12-301	Alaska Commission for chemical dependency		45,833	45,833
602-12-907	Akeela, Inc.		283,000	283,000
605-12-056	ASHNA		13,000	13,000
602-12-021	Soteria House	275,000	100,000	375,000
602-12-010	Salvation Army Clitheroe	-	1,200,000	1,200,000
602-12-303	Akeela		200,000	200,000
		863,608	15,527,248	16,390,856

PREVENTION GRANTS

Grant Number	Agency	$ GF	$ ADTP	Total
602-12-016	Asa'Carsarmiut Tribal Council		65,000	65,000
602-12-023	Interior AK Ctr for Non-Violent Living (Careline)		144,057	144,057
602-12-741	Juneau Youth Services	160,800	125,712	286,512
602-12-703	Nulato	22,105	33,158	55,263
602-12-003	Petersburg Mental Health Services	36,506	36,505	73,011
602-12-729	Tanana Chiefs Conference	112,500	37,500	150,000
602-12-815	Cook Inlet Tribal Council		106,157	106,157
602-12-816	Copper River Native Association		97,731	97,731
602-12-810	Railbelt Mental Health & Addictions	50,000	86,440	136,440
602-12-811	Southeast Alaska Regional Health Consortium		87,640	87,640
602-12-818	Association of Village Council Presidents AVCP	80,000	145,387	225,387
602-12-801	Bristol Bay Area Health Corporation	186,697	343,021	529,718
602-12-804	Eastern Aleutian Tribes		120,200	120,200
602-12-806	Kodiak Area Native Association	80,000	134,660	214,660
602-12-807	Maniilaq Association	50,000	75,638	125,638
602-12-809	Norton Sound Health Corporation		82,789	82,789
602-12-812	SeaView Community Services		56,594	56,594

602-12-817	Sitka Counseling & Prevention Services		85,545	85,545
602-12-803	Tanana Chiefs Conference		123,066	123,066
		778,608	1,986,800	2,765,408

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER
FINANCE AND MANAGEMENT SERVICES

SEAN PARNELL, GOVERNOR

P.O. Box 110601
Juneau, AK 99811-0601
Phone: (907) 465-1630
Fax: (907) 465-2499

March 19, 2012

The Honorable Senator Johnny Ellis
Alaska State Legislature
State Capitol, Room 119
Juneau, AK 99801-1182

Dear Senator Ellis:

On March 16, 2012, the Department of Health and Social Services received the following question from your staff regarding Alcohol and Drug Abuse funding:

- ***Would you please send the latest projections from February based on the January 30, 2012 data?***

Please find the attached Alcohol Fund Projection as of January 31, 2012.

- ***Can you explain the technicalities of why there is carry forward every fiscal year?***

The carry forward term refers to the dollars rolled to the next fiscal year because net revenues have exceeded expenditures from a prior year. For certain special funds such as the Alcohol and Other Drug Abuse Treatment and Prevention Fund, the excess revenue from a prior year is carried forward to the next fiscal year.

If you have additional questions regarding this issue, please contact me at 465-1630.

Sincerely,

Nancy Rolfzen
Assistant Commissioner

Enclosure

cc: Amanda Ryder, Fiscal Analyst, Legislative Finance
Sarah Brinkley, Budget Analyst, Office of Management and Budget
William J. Streur, Commissioner
Ree Sailors, Deputy Commissioner
Kimberli Poppe-Smart, Deputy Commissioner
Melissa Stone, Director, Division of Behavioral Health
Laura Baker, Deputy Director, Finance and Management Services
Wilda Laughlin, Legislative Liaison
Dirk Anderson, Budget Manager

Log 1099/2012

Summary of Alcohol Funding for FY2011-FY2014

(All figures updated as of January 31, 2012)

	Alcohol and Other Drug Treatment & Prevention Fund
FY2011 Actuals and Encumbrances	
FY2011 Actual Expenditures	
AR 23017-11, Alcohol Safety Action Program	131.7
AR 23026-11, Behavioral Health Medicaid Svcs	0.0
AR 23035-11, Behavioral Health Grants *	15,131.9
AR 23037-11, Behavioral Health Administration	0.0
AR 23041-11, Rural Services and Suicide Prevention *	2,115.0
Total FY2011 Actuals and Encumbrances *	**17,378.6**
* *Includes encumbrances; amounts may change due to liquidation or release of encumbrances.*	
FY2011 Actual Revenues	
Actual Revenue deposited as of 1/31/12	19,300.4
Recovery of Prior Year Expenditures	6.5
Projected Carryforward of FY2010 Revenue	12,082.0
Total FY2011 Actual Revenue	**31,388.9**
Net Revenue Available to Carryforward to FY2012	**14,010.3**
FY2012 Authorized Expenditures	
AR 23017-12 Alcohol Safety Action Program	142.0
AR 23026-12, Behavioral Health Medicaid Svcs	1,500.0
AR 23035-12, Behavioral Health Grants	15,558.2
AR 23037-12, Behavioral Health Administration	231.4
AR 23041-12, Rural Services and Suicide Prevention	2,186.8
	19,618.4
FY2012 Authorized Budget	
FY2012 Projected Revenues	
2012 Estimates (Based on DOR Fall 2011 Forecast)	19,800.0
Projected Carryforward of FY2011 Revenue	14,010.3
Total FY2012 Estimated Revenue	**33,810.3**
Net Revenue Available to Carryforward to FY2013	**14,191.9**
FY2013 Governor's Operating Budget	
FY2013 Governor's Budget	
AR 23017-13 Alcohol Safety Action Program	145.8
AR 23026-13, Behavioral Health Medicaid Svcs	1,500.0
AR 23035-13, Behavioral Health Grants	15,558.2
AR 23037-13, Behavioral Health Administration	231.4
AR 23041-13, Rural Services and Suicide Prevention	2,186.8
	19,622.2
FY2013 Projected Revenues	
2013 Estimates (Based on DOR Fall 2011 Forecast)	20,400.0
Projected Carryforward of FY2012 Revenue	14,191.9
Total FY2013 Estimated Revenue	**34,591.9**
Net Revenue Available to Carryforward to FY14	**14,969.7**
FY2014 Projected Operating Budget	
AR 23017-14 Alcohol Safety Action Program	145.8
AR 23026-14, Behavioral Health Medicaid Svcs	1,500.0
AR 23035-14, Behavioral Health Grants	15,558.2
AR 23037-14, Behavioral Health Administration	231.4
AR 23041-14, Rural Services and Suicide Prevention	2,186.8
FY2014 Continuation Operating Budget	**19,622.2**
FY2014 Projected Revenues	
2014 Estimates (Based on DOR Fall 2011 Forecast)	20,400.0
Projected Carryforward of FY2013 Revenue	14,969.7
Total FY2014 Estimated Revenue	35,369.7

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Substance Abuse and Mental Health Services Administration
Center for Substance Abuse Treatment
www.samhsa.gov

April 2009

Cost Offset of Treatment Services

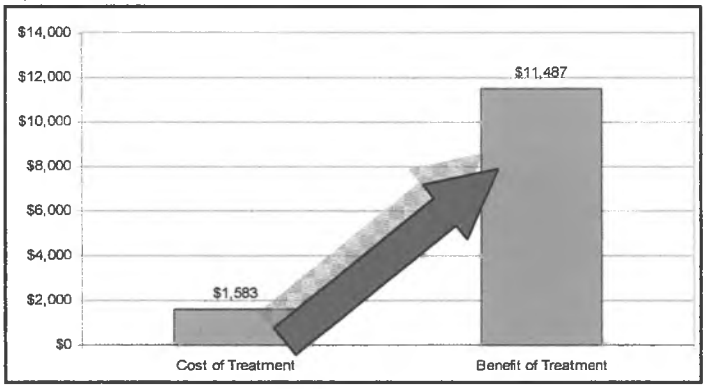
There is a great paucity on nationwide data related to the cost benefit of substance use treatment. However, the limited research in some States suggests that there is a major benefit to substance use treatment. According to recent estimates[1], the total financial cost of drug use disorders to the United States is estimated to be $180 billion annually. The economic costs of alcohol abuse were 184.6 billion in 1998[2]. Accessible and effective community-based alcohol and drug treatment is imperative to reduce society's financial burden from problems associated with drug use. As the U.S. economy faces unsustainable escalations in health care costs, we need to ensure needed substance use disorder treatment and recovery programs help reduce health and societal costs.

The benefits of treatment far outweigh the costs. Even beyond the enormous physical and psychological costs, treatment can save money by diminishing the huge financial consequences imposed on employers and taxpayers.

Cost Savings of Treatment: California, New York, and Washington

Treatment has been shown to have a benefit-cost ratio of 7:1[3]. The largest savings were due to reduced cost of crime and increased employer earnings (see Figure 1).

Figure 1. Cost Offset of Substance Abuse Treatment in California



For every **$100,000 spent on treatment,**

$487,000 of health care costs[4] and $700,000 of crime costs were shown to be avoided[5].

Public Assistance in Washington

A comparison of medical expenses of Medicaid clients[6] who received treatment noted these savings:

Modality	Savings per Medicaid member per month
Inpatient	$170
Outpatient	$215
Methadone	$230

Spending money on treatment has led to important health and public safety cost reductions in Washington[7]:

Health Care Utilization Savings: California

Treated patients have been shown to **reduce**[8]:

ER visits by 39%

Hospital stays by 35%

Total medical costs by 26%

when compared to a control group.

Employers

Employees treated for substance use[9] have:

- **reduced absenteeism,**
- **reduced tardiness,**
- **lowered on-the-job injuries,**
- **fewer mistakes, and**
- **disagreements with supervisors**

Benefit-Cost Comparisons

- A study[10] comparing the direct cost of treatment to monetary benefits to society determined that on average, costs were $1,583 compared to a benefit of $11,487 (a benefit-cost ratio of 7:1).
- In an analysis[11] of methadone detoxification patients (n=102), authors observed that for every dollar spent on treatment, $4.87 of health care costs were offset.
- In comparing cost offsets in Washington State of people in treatment to non-treated, authors noted:[12] lower medical costs ($311/month); lower state hospital expenses ($48/month); lower community psychiatric hospital costs ($16/month); reduced likelihood of arrest by 16%; and reduced likelihood of felony convictions by 34%.

Health Care Utilization

- In a study[13] examining nearly 150,000 Medicaid claims for beneficiaries in six states, authors determined that people with substance abuse disorders had significantly higher expenditures for health problems compared to others.
- In comparison of medical expenses for welfare clients in Washington State[14] (n=3,235 treatment group and n=4,863 control) it was determined that substance abuse treatment was associated with a reduction in expenses of $2,500 per year.
- In reviewing selected beneficiaries in Oregon's Medicaid program,[15] researchers concluded that eliminating the substance abuse benefit led to increased medical expenditures.
- A review[16] of over 1,000 patients in a Sacramento chemical dependency program noted a substantial decline in hospital (35%), emergency room (39%), and total medical costs (26%) when compared to a control group.
- A recent article[17] on medical costs concluded that health care costs are higher for families with a person who has a dependency problem than for other similar families.

Employer Savings

An intake-to-follow-up assessment[18] study of nearly 500 people treated at Kaiser Permanente's Addiction Medicine program demonstrated significant reduction in missed work, conflict with coworkers, and tardiness. It also noted that employers break even on investing in chemical dependency treatment.

Every $1 spent on addiction treatment saves $7 in crime and criminal justice costs. When researchers added savings related to health care, the savings-to-cost ratio was 12:1.[19]

---

[1] Office of National Drug Control Policy (2004). "The economic costs of drug abuse in the United States, 1992-2002." Washington, DC: Executive Office of the President (Publication No. 207303).

[2] Harwood, Henrick. (2000). "Updating estimates of the economic costs of alcohol abuse in the United States." Report prepared by the Lewin Group for the National Institute on Alcohol Abuse and Alcoholism.

[3] Ettner, S.L., D. Huang, et al. (2006). "Benefit-cost in the California treatment outcome project: does substance abuse treatment 'pay for itself'?" *Health Services Research*, 41(1): 192-213.

[4] Hartz, D.T., P. Meel, et al. (1999). "A cost-effectiveness and cost-benefit analysis of contingency contracting-enhanced methadone detoxification." *American Journal of Drug and Alcohol Abuse*, 25(2):207-18.

[5] NIDA, Principles of Addiction Treatment, 1999.

[6] Wickizer, T.M., A. Krupski, et al. (2006). "The effect of substance abuse treatment on Medicaid expenditures among GA clients in WA State." *Milbank Quarterly*, 84(3): 555-76.

[7] Estee, S. and D. Norlund (2003). Washington State Supplemental Security Income (SSI) Cost Offset Pilot Project: 2002 Progress Report. R.a.D.A. Division and W.S.Do.S.a.H., Services, Washington State.

[8] Parthasarathy, S., C. Weisner, et al. (2001). "Association of outpatient alcohol and drug treatment utilization and cost: revisiting the offset hypothesis." *Journal of Studies on Alcohol and Drugs*, 62(1): 89-97.

[9] CATOR Connection, Comprehensive Assessment and Treatment Outcome Research, St. Paul, MN, 1990.

[10] Ettner, op cit.

[11] Hartz, D.T., P. Meek, et al. (1999). "A cost-effectiveness and cost-benefit analysis of contingency contracting-enhanced methadone detoxification." *American Journal of Drug and Alcohol Abuse*, 25(2):207-18.

[12] Estee and Norlund, op cit.

[13] Clark, R. E., M. Samnaliev, et al. (2009). "Impact of substance abuse disorders on Medicaid beneficiaries with behavioral health disorders." *Psychiatric Services*, 60(1): 35-42.

[14] Wickizer and Krupski, op cit.

[15] McConnell, K.J., N.T. Wallace, et al. (2008). "Effect of eliminating behavioral health benefits for selected Medicaid enrollees." *Health Services Research*, 43(4): 1348-65.[16].

[16] Parthasarathy and Weisner, op cit.

[17] Ray, G.T., J.R. Mertens, et al. (2007). "The excess medical cost and health problems of family members of persons diagnosed with alcohol or drug problems." *Med Care*, 45(2): 116-22.

[18] Jordan, N., G. Grissom, et al. (2008). "Economic benefit of chemical dependency treatment to employers." *Journal of Substance Abuse Treatment*, 34(30): 311-19.

[19] NIDA, Principles of Addiction Treatment, 1999.

RESEARCH SUMMARY
Institute of Social and Economic Research
University of Alaska Anchorage • January 2009
R.S. No. 71

The Cost of Crime: Could The State Reduce Future Crime and Save Money by Expanding Education and Treatment Programs?

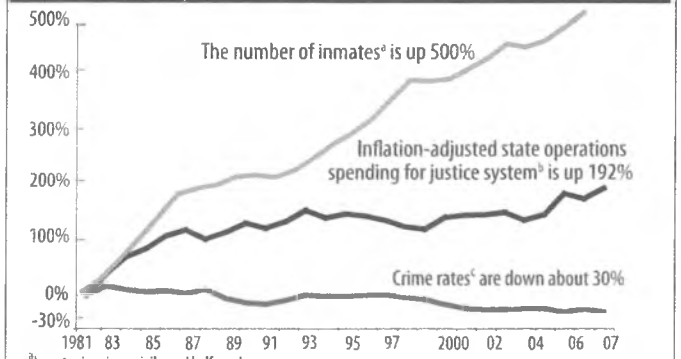
By Stephanie Martin and Steve Colt

Alaska's prison population is among the fastest-growing in the U.S., with five times more inmates in 2007 than in 1981. Spending for the state justice system has nearly doubled since 1981—but the crime rate has dropped only about 30%.

Here's the dilemma for the state, given the pattern shown in Figure 1: what can it do to hold down the number of inmates and stem the rising costs—while at the same time keeping the public safe and using tax dollars effectively?

Senator Hollis French asked ISER to project growth in the number of Alaska inmates and the associated costs—and then evaluate whether the state could reduce that growth by expanding intervention and prevention programs for people already in prison or at risk of ending up there. Alaska currently spends about $17 million a year for such programs, but they aren't available to many of those who might benefit from them.

Figure 1. Percentage Changes in Alaska Crime Rate, Spending for Justice System, and Number of Inmates, 1981-2007



[a]Inmates in prisons, jails, and halfway houses
[b]Spending for Departments of Corrections, Public Safety, and Law; court system; Division of Juvenile Justice; Public Defender Agency; and Office of Public Advocacy. Does not include capital spending or payment on debt
[c]Rates per 100,000 for murder, rape, robbery, aggravated assault, burglary, larceny, and motor vehicle theft
Sources: U.S. Department of Justice; state budget documents; Alaska Department of Corrections

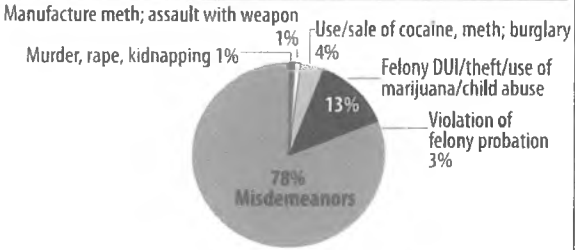
There are a wide range of such programs. But it is programs for adults who are already in prison or jail that have the most potential to save money and reduce crime in the next 20 years. That's because they can reach the most people.

We know that without any intervention, about two-thirds of those who serve their sentences and are released commit new crimes. Stopping at least some of them from committing more crimes would not only help improve public safety but also reduce growth in both the number of inmates and in spending.

Also, most of those released committed misdemeanors (Figure 2). Those who commit the most serious crimes serve long sentences and make up a small share of those released in any given year.

To analyze which programs have the most potential to reduce crime *and* save the state money, we worked with the Alaska Criminal Justice Working Group and the Washington State Institute of Public Policy. That institute did a similar analysis for Washington state and provided us with data it collected from program evaluations nationwide (see back page). What did our study show?

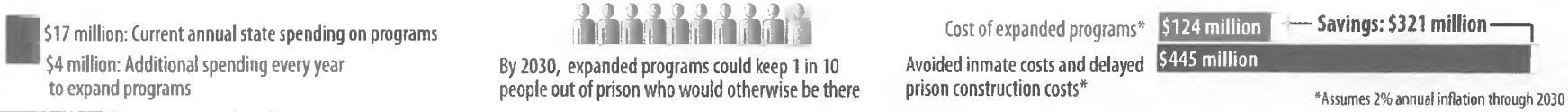
Figure 2. Who Gets out of Jail or Prison in Alaska?
(Total Releases, 2002-2007: 82,339)



Source: Alaska Department of Corrections

- *With no change in policies, the number of Alaska inmates is likely to double by 2030,* from 5,300 to 10,500.
- *If the state spent an additional $4 million a year to expand programs it already has, the prison population in 2030 might be 10% smaller* than projected—about 1,050 fewer inmates.
- *The state would spend about $124 million for expanded programs through 2030 but would avoid $445 million in costs—a savings of $321 million.* It would save money by incarcerating fewer people and by delaying prison construction costs. (Figures 3 and 8).
- *Education and substance-abuse treatment programs—in prison, after prison, and instead of prison—save the state two to five times* what they cost and reach the most people. Programs for teenagers are also very effective at reducing crime and saving money, but they reach fewer people.

Figure 3. Potential Effects, Costs of, and Savings from Expanded Prevention or Intervention Programs



Why Consider Expanding Programs?

In 1980, 2 in 1,000 Alaskans were behind bars; today that share is approaching 10 in 1,000. The sharp increase started in the 1980s, when the state government began collecting large oil revenues. The state used some of that money to expand police agencies, courts, and other parts of the criminal justice system statewide. Also in the 1980s, it made sentencing for the most serious felonies more uniform and stiffened sentences.

The crime rate in Alaska has declined since the 1980s. But the number of Alaskans in prisons, jails, and halfway houses has increased much faster, as have costs for the state justice system. Alaska's prisons are full, and the 1,500-bed prison scheduled to open in 2012 is projected to be full soon after it opens.

Locking people up is expensive, whether their crimes are major or less serious. Alaska spends on average $44,000 a year per inmate in prisons, jails, and halfway houses. Adjusted for inflation, that's actually less than in the 1980s—but it's still a lot (Figure 4).

Studies in other states have shown that some intervention and prevention programs can help cut both costs and crime, either by keeping people who have served their sentences from committing new crimes after they're released, or preventing some people from going to prison in the first place.

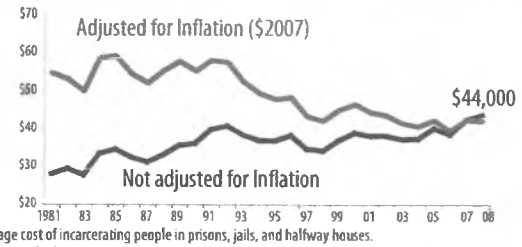
What Programs Did We Analyze?

The Alaska Criminal Justice Working Group gave us a list of programs to analyze. We looked for programs with the biggest potential payoff for the state—those that could reduce growth in both numbers of inmates and in spending for corrections, at a reasonable cost for the state.

Alaska already has a number of programs in place, and we found that expanding some of those would be most cost-effective. Table 1 lists the programs in our final analysis. As a guideline for what was a "reasonable" expansion, we used 10% to 20% of the eligible people not already served—except for very small programs that can't easily be expanded that much.

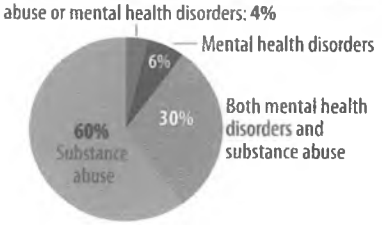
These programs would serve inmates, at-risk juveniles, and young children. They are all intended to reduce future crime in some way. Programs that treat substance-abuse or mental heath disorders have been shown to reduce recidivism—and as Figure 5 shows, almost all current inmates have those disorders.

Figure 4. Annual State Costs Per Inmate,* 1981-2008
(In Thousands of Dollars)



*Average cost of incarcerating people in prisons, jails, and halfway houses.
Source: Alaska Department of Corrections

Figure 5. How Many Alaska Inmates Have Substance Abuse or Mental Health Disorders?



Sources: Alaska Department of Corrections; Alaska Mental Health Trust

Table 1. Current Size and Potential Expansion of Intervention and Prevention Programs[a]

Programs	Currently serve	Reasonable expansion	Potentially eligible (2008)
Prison-based programs			
Education (adult basic; vocational)	More than 1,000	500	Almost all inmates (4,500)
Substance-Abuse (residential; intensive outpatient)	Close to 500	500	90% of inmates (approximately 4,000)
Sex-offender treatment[b]	0	50	10% of 500 eligible inmates
Transition from prison			
Transition for inmates with mental health disorders (Institutional Discharge Project)	70	100	36% of inmates (1,600)
Alternatives to Incarceration	500	500	Approximately 5,000[c]
Mental health, drug, alcohol courts; electronic monitoring; residential substance-abuse treatment			
Juvenile offenders	Approximately 500	1,000	Approximately 3,000
Aggression replacement training; family therapy; residential treatment; institutional transition			
Prevention	3,025	450	Approximately 8,000[e]
Head Start for 3- and 4-year olds from low-income families[d]			

[a]Programs included in our final analysis are those for which we found evidence that expansion would have significant pay-offs for the state at a reasonable cost. We evaluated additional programs not included here, either because there wasn't sufficient evidence to assess their effectiveness or because they weren't feasible to implement in Alaska at this time.

[b]To effectively reduce crime, sex offender treatment programs need to be offered in both prison and the community. Treatment is currently available only in the community, so the number served in prison is currently zero—but there are proposals to add treatment in prison.

[c]People facing low-level charges and with substance-abuse problems.

[d]Head Start is a federal program, but the state supplements federal money and Governor Sarah Palin has proposed additional state funding.

[e]We assume all children from families with up to double the poverty-level income would be eligible.

We looked at but excluded other programs from our final analysis. The criminal justice working group decided that a few programs, while effective elsewhere, wouldn't be feasible to implement in Alaska at this time. For other programs, there wasn't enough available evidence to judge how effective they were in saving money or reducing crime, or the available evidence showed them to be largely ineffective.

How Do the Programs Compare?

As Figure 3 (front page) shows, expanding programs to serve more of the eligible people would save the state about $321 million and reduce the projected number of inmates 10% by 2030. Figures 6 and 7 show how the various programs contribute to costs, savings, and reductions in the number of Alaskans behind bars.

- *Education and substance-abuse treatment programs for inmates save two to four times what they cost*, reduce recidivism by about four percentage points, and can reach the most people.

- *Intervention programs for juveniles who have committed crimes are very effective* at saving money and reducing recidivism, but they serve a much smaller number of people.

- *Programs that set up transition services for inmates with mental-health disorders* coming out of prison are among the most effective—but they can't readily be expanded to serve the many people who could benefit from them.

- *Alternatives to prison for some people charged with lesser offenses save the state money right away, and almost all reduce recidivism.* The exception is electronic monitoring, which is inexpensive but hasn't been shown to reduce future crime.

- *Treatment programs for sex offenders do reduce crime,* but they are very expensive and so don't save the state money.

- *Programs that prevent future crime by helping very young at-risk children are the most effective.* But the effects of spending for those programs aren't apparent until many years later.

Figure 6. How Effective Are Various Programs at Saving Money and Reducing Crime?

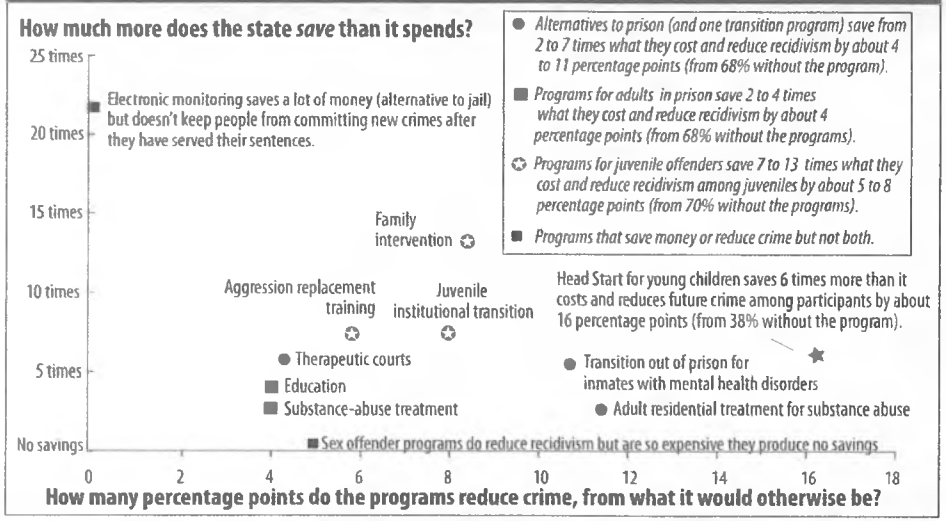
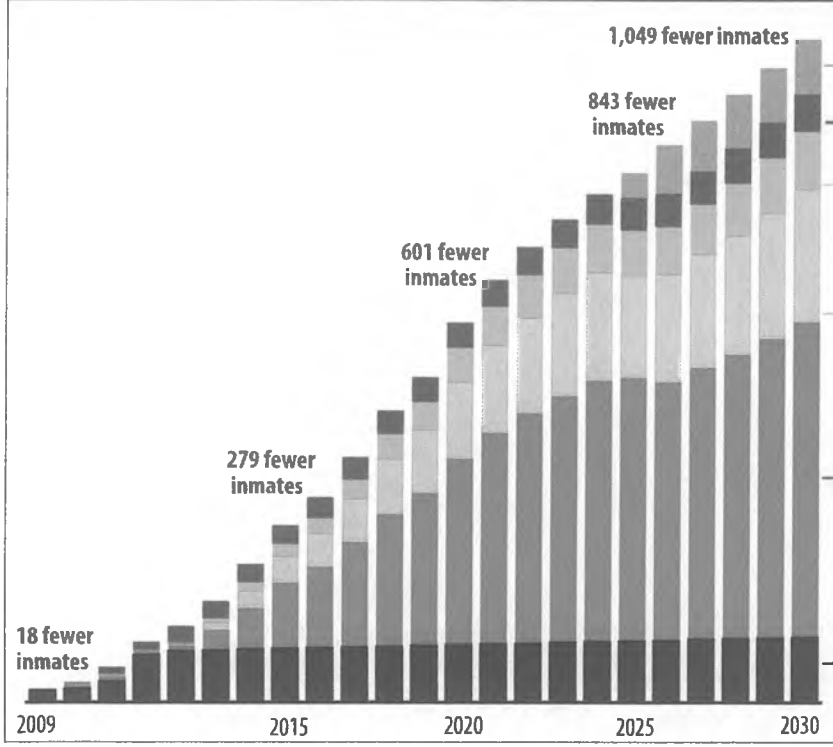


Figure 7. How Would Expanding Specific Programs Contribute to Reducing Growth in Numbers of Inmates?



Pre-school programs for at-risk children cost about $1,000 per child but save many times that much, by reducing future crime. The effects of the spending aren't apparent for years, until the children grow up.

Programs for juveniles offenders cost an average of about $2,500 per person, but save almost 10 times that much by keeping kids out of prison. They serve only a subset of the population of 12- to-17-year-olds.

Transition programs for people with mental health disorders are extremely effective, add about $2,000 per person to inmate costs, and save about four times that much. But the programs currently serve very few people and can't readily be expanded to serve large numbers.

Programs that treat inmates for substance abuse add about $2,000 a person to inmate costs, but over time save about twice as much. They are effective, but can't readily be expanded to reach all the people who need them.

Education and job training programs in prison add about $1,000 to inmate costs, but they reach the most people and save about four times more than they cost. Because they are offered in every facility, they can easily be expanded and can reach more people. (Reductions in the number of inmates as a result of the sex-offender treatment program are also included here, but are only one or two people a year.)

Programs that keep people out of prison save the state money right away, because they cost much less than the $44,000 per person the state spends to lock people up. They include therapeutic courts for substance abuse and mental health disorders, electronic monitoring, and residential substance-abuse treatment.

Conclusion

In conclusion, Figure 8 shows how Alaska's corrections system got where it is and where it's likely to go—if intervention and prevention program are kept at their current levels, and if the most effective programs are expanded to serve more of the eligible people.

We found that the state could both reduce the number of Alaskans in prison or jail and save considerable money over the next 20 years, by adding about $4 million a year to the $17 million it currently spends to keep people from returning to prison— or prevent them from ever going there at all.

Spending more for these programs even as oil prices and state revenues are falling may not seem like a good idea. But Alaska also needs to look to the future—and over time the benefits of strategically expanding those programs that reduce crime and keep more Alaskans out of prison far outweigh the costs.

Method of Analysis

Our job was to assess whether specific programs could reduce long-term state spending for corrections by reducing growth in the number of inmates. As a starting point, we needed evaluations of how effective various programs are at reducing future crime.

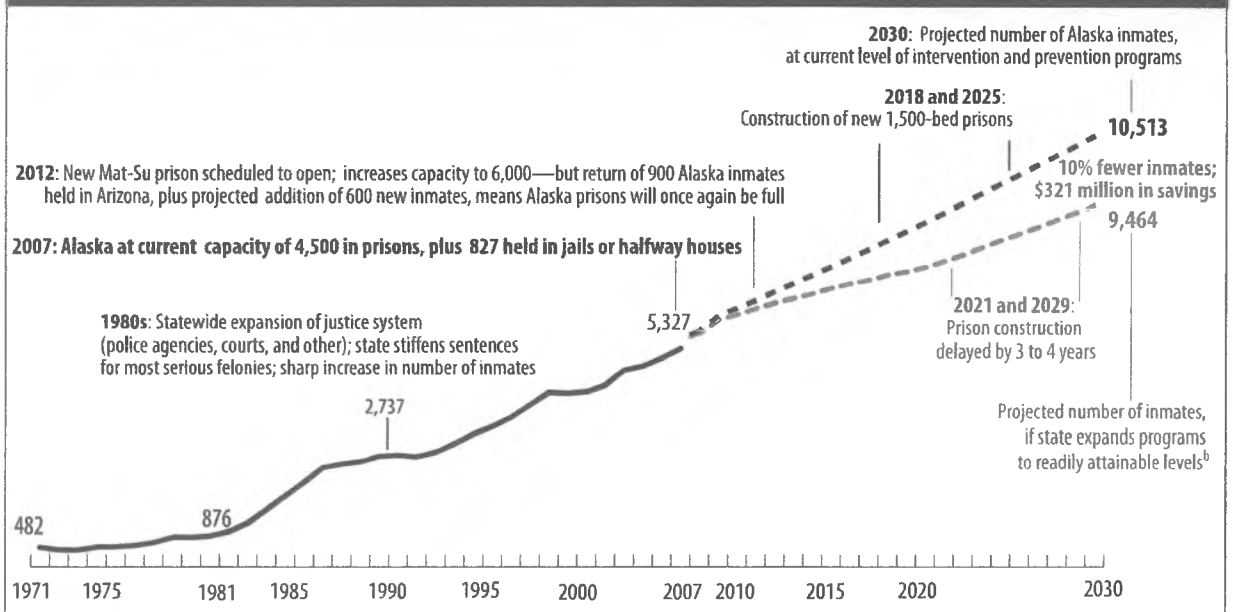
But except for some of the therapeutic court programs, most programs in Alaska have not been rigorously evaluated. Therefore, we used results of a Washington state assessment that systematically reviewed 571 program evaluations from around the country.

To be included, evaluations had to have carefully designed control groups, replicable results in multiple settings, and long-lasting effects. This method is evidence-based public policy, which merges research and practice. It is similar to clinical trials in medicine. Keep in mind that this is a new field, and only about 10% of programs in place nationwide have been evaluated at this standard.

With data from rigorous evaluations, the Washington State Institute of Public Policy created a model that estimated the effects of programs on recidivism—and then combined those results with a cost-benefit analysis to estimate the long-term effects on state spending and inmate populations.

We combined the institute's estimates of recidivism with Alaska data on program costs, eligible groups, and state population to estimate long-term effects on crime and state spending.

Figure 8. Average Number of Alaska Inmates,[a] 1971-2007, and Projected Number, 2008-2030



[a]Average daily number of people in prisons, jails, and halfway houses. [b]The number of people who could be readily added to program rolls varies considerably by program; see Table 1.

Sources: Alaska Department of Corrections; ISER projections of number of prisoners, based on Alaska Department of Labor projections of Alaska population 18-64 and assuming no change in current use of rehabilitation programs as well as expanded use; Washington State Institute of Public Policy

The authors thank the members of the Alaska Criminal Justice Working Group for their help in identifying programs to evaluate and for comments on drafts of this publication. The Alaska Legislature funded this group in 2007 and authorized the Alaska Judicial Council to act as its staff.

The group is chaired by a justice of the Alaska Supreme Court and Alaska's lieutenant governor. Other members include top policymakers from the departments of Corrections, Public Safety, Health and Social Services, and Law, as well as the Alaska Mental Health Trust Authority; the heads of the Alaska Public Defender Agency and the Office of Public Advocacy; the administrative and deputy directors for the Alaska Court System; the executive director of the Judicial Council, the U.S. attorney, and Anchorage's police chief.

This group meets monthly to talk about long-term justice issues, as well as to resolve any inter-branch issues that come up among the many agencies and organizations that deal with aspects of Alaska's justice system.

The authors also thank Elizabeth Drake and Steve Aos of the Washington State Institute of Public Policy for developing the methods and models we used and for helping us apply them to Alaska. For more information go to www.wsipp.wa.gov.

This research summary and many other publications on a wide range of topics are available on ISER's Web site:

www.iser.uaa.alaska.edu

Editor: Linda Leask Graphics: Ciemencia Merrill

Economic Costs of Alcohol and Other Drug Abuse in Alaska, 2005 Update

Prepared for:

The Advisory Board on Alcoholism and Drug Abuse
Department of Health & Social Services

Prepared by:

McDowell Group

Juneau • Anchorage

December 2005

TABLE OF CONTENTS

Executive Summary **1**

Productivity Losses **5**

Summary 5
Lost Production Due to Mortality 6
Lost Production Due to Diminished Productivity 9
Lost Production Due to Incarceration 11
Lost Production Due to Alcohol/Other Drug Treatment 14

Traffic Crashes **15**

Criminal Justice and Protective Services **18**

Criminal Justice 18
Protective Services 25

Health Care **27**

Hospital Costs 28
Residential and Outpatient Alcohol and Other Drug Treatment Costs 30
Medical Outpatient Costs 31
Prescription Drugs and Nursing Home/Long-Term Care Costs 32
Fetal Alcohol Spectrum Disorders 33
AIDS and HIV Costs 36
Hepatitis B and C Costs 37

Co-Occurring Disorders **39**

Co-Occurrence of Serious Mental Illness and Substance Dependence or Abuse 39
Bring the Kids Home Initiative 41

Public Assistance and Social Services **43**

Cost of Underage Drinking in Alaska **44**

Employment and Tax Impacts of Alcohol Sales **45**

List of References **47**

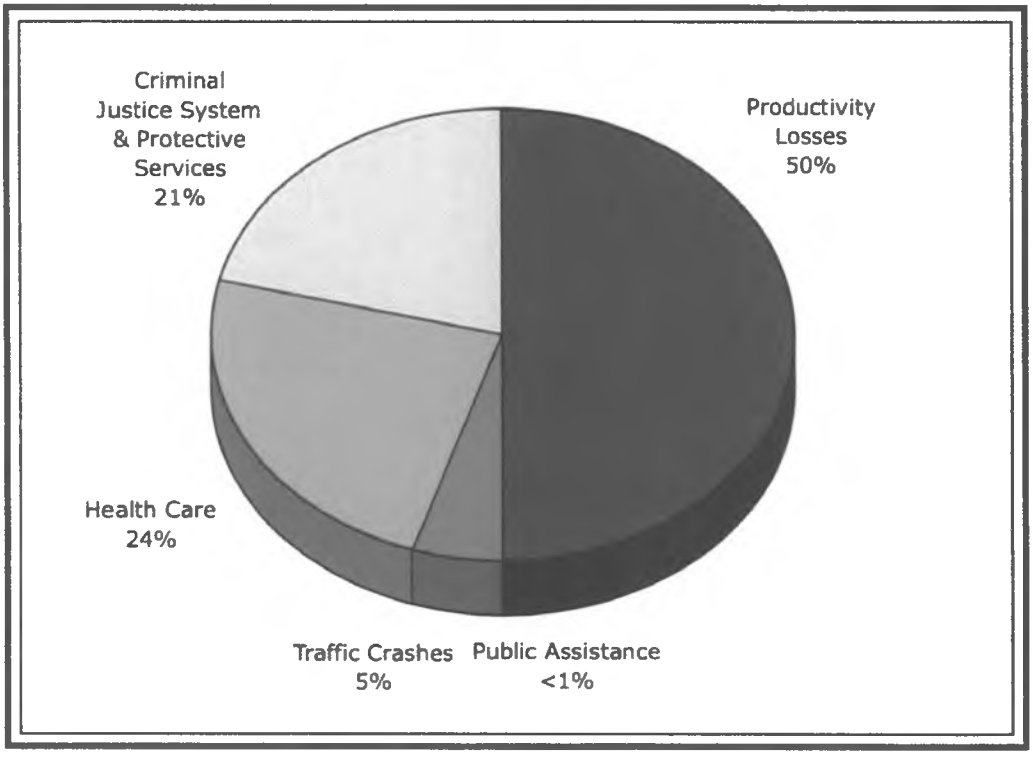
EXECUTIVE SUMMARY

The Advisory Board on Alcoholism and Drug Abuse, through the Alaska Department of Health and Social Services, contracted with McDowell Group in April 2005 to update a prior study on the economic costs of alcohol and other drug abuse in Alaska.

Alcohol and other drug abuse impacts the economy in many ways. Public safety, health care, and public assistance are among the areas impacted by alcohol and other drug abuse. The extent of these impacts is evident in the level of alcohol and other drug dependency and its associated cost on the Alaska economy. According to a 1998 study, 9.7 percent of Alaska's population is dependent upon or abuses alcohol (39,596 residents), while 1.5 percent is other drug dependent (14,238 residents). The total cost of this dependence to the Alaska economy is estimated to be $738 million during 2003. Alcohol abuse costs accounted for $525.5 million (71 percent). Other drug abuse costs were estimated at $212.5 million (29 percent). Costs by category include:

- $367 million from productivity losses.
- $154 million from criminal justice and protective services.
- $178 million from health care.
- $35 million from traffic crashes.
- $4 million from public assistance.

Percentage of Costs by Category Related to Alcohol and Other Drug Abuse in Alaska, 2003



More detailed study results for each cost category are presented below. Some of the economic benefits related to the manufacturing and sale of alcohol are also included.

Productivity Losses

Lost productivity occurs when alcohol and other drug abuse results in premature death, reduced efficiency of workers through physical or mental impairment, incarceration for criminal offense, and inpatient treatment or hospitalization. The reduced efficiency of employees, or premature death of Alaska residents, results in less production of goods and services, and is thus a cost to society.

Alcohol and other drug abuse in Alaska cost an estimated $367 million in lost productivity during 2003. Components of productivity losses and associated costs include:

- Premature death from alcohol and other drug abuse in Alaska resulted in an estimated $183 million in lost productivity in 2003. The annual average number of deaths from alcohol and other drug abuse between 1999 and 2003 was 236.
- Workers impaired by alcohol and other drug abuse had an estimated reduced productivity in Alaska of $136 million during 2003. This includes $106 million in alcohol-related impairment and $20 million in other drug-related impairment.
- Costs from alcohol and other drug-related incarcerations totaled an estimated $39 million in lost productivity during 2003. During that period, 1,193 inmate incarcerations were directly related to alcohol and other drug abuse.
- Lost productivity from Alaska residents receiving inpatient treatment for alcohol and other drug abuse cost an estimated $8.8 million in 2003.

Traffic Crashes

Alcohol and other drug abuse are a major cause of traffic crashes in Alaska. There were 1,109 traffic crashes in Alaska attributed to alcohol and other drug abuse during 2002. Of these crashes, 25 were fatal, 107 were major injury crashes, 370 were minor injury crashes, and 607 had property damage only. The estimated costs from these crashes were more than $35 million. Costs included:

- $16 million for legal costs.
- $12 million for insurance administration costs.
- $5 million for property damage costs.
- $2 million for workplace costs.

Costs by traffic accident category included:

- $26 million from major injuries.
- $5 million from fatalities.
- $2.5 million from minor injuries.
- $1 million from property damage only.

Criminal Justice

Alcohol and other drug abuse contribute to crime and child abuse. In 2003, an estimated 17,400 arrests were attributed to alcohol and other drug abuse. During this same period, 15,800 Alaska residents were victims of alcohol and other drug abuse-related crimes. Costs attributed to crime-related alcohol and other drug abuse in the state were nearly $154 million during this period. Crime costs in 2003 included:

- $43 million for law enforcement.
- $38 million for corrections.
- $12 million for legal costs and court adjudication.
- $636,000 for property damage.
- $1.9 million in economic costs to victims.
- Adult and child protective services attributed to alcohol and other drug abuse cost an estimated $59 million. These costs include foster care services, adoption care services, residential care services, and social worker services.

Health Care

Health care costs attributed to alcohol and other drug abuse result from illnesses or injuries. Examples of the kinds of health problems that can result from alcohol and drug abuse are cirrhosis of the liver, hypertension, diabetes, or stomach cancer. Health care costs related to alcohol and other drug abuse totaled an estimated $178 million in 2003. Health care costs included:

- Hospital costs from illnesses and injuries were estimated at $9.3 million. Alcohol abuse-related health care costs accounted for $84.8 million, while other drug abuse-related costs were $8.2 million.
- Alcohol and other drug residential and outpatient treatment costs were approximately $26.8 million.
- Total medical outpatient costs from illnesses and injuries totaled an estimated $25.7 million.
- Pharmaceutical costs were estimated at $23.0 million, while nursing home costs were $719,400.
- Medical care totaled $3.9 million for patients with other drug-related HIV and HIV with AIDS. Approximately 78 HIV and HIV with AIDS cases were attributed to intravenous drug abuse.
- Costs for medical treatment of hepatitis B and C caused by intravenous drug abuse was $5.1 million. Intravenous drug abuse contributed to 344 hepatitis B and C cases in Alaska in 2003.

Public Assistance and Social Services

A portion of public assistance expenditures can be attributed to alcohol and other drug abuse. Alcohol and other drug-dependent persons may qualify for public assistance because of reduced income, inability to hold a job, or disability caused by substance abuse. Costs attributed to abuse (program administration costs only) were an estimated $4.1 million in 2003.

Employment Impacts of Alcohol Sales

Although the focus of this study is centered on the cost of alcohol and other drug abuse, there are some economic benefits associated with the sale of alcoholic beverages. These economic benefits include employment, income and tax revenues. In 2003, there were approximately 3,000 jobs in alcohol-related industries in Alaska, with earnings of approximately $62 million. State excise tax revenue on alcoholic beverages, collected at the wholesale level, was approximately $33 million in FY 2004.

Actual Costs

It is critical the reader recognize that the alcohol and other drug-related costs presented in this study are estimates only. Actual costs could be 25 percent higher or lower than the total presented in this report. Very little underlying data exists regarding the monetary impact of alcohol and other drug abuse in Alaska. There is a clear need for more comprehensive research.

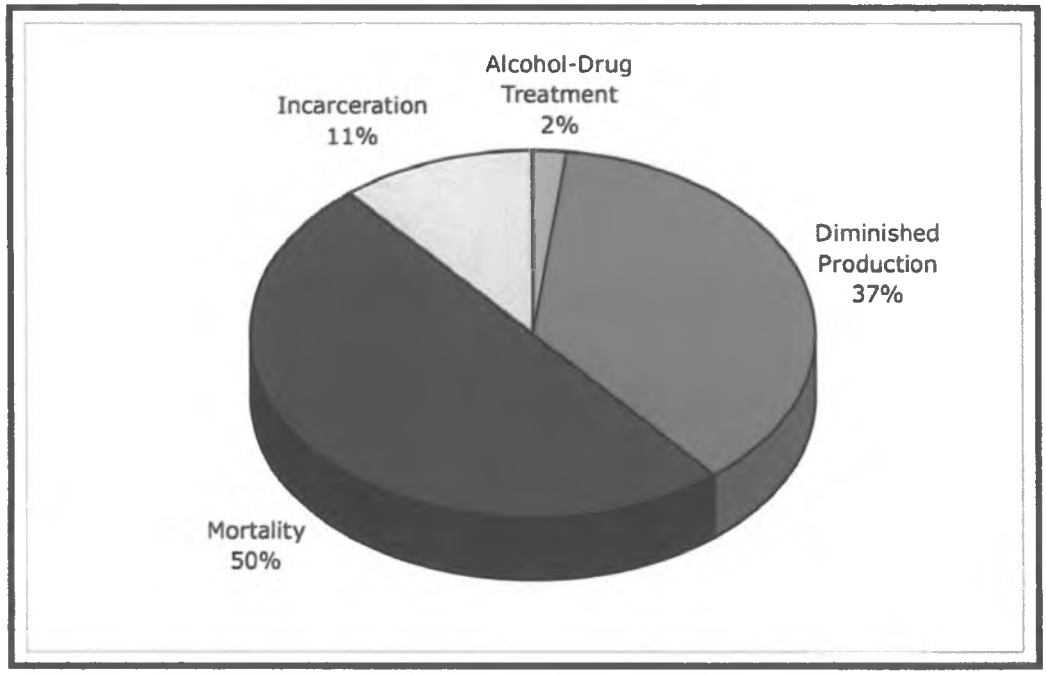
For this report, the McDowell Group study team used national data to estimate Alaska's alcohol and other drug abuse costs and then adjusted these costs for Alaska's higher cost of living. The study team relied heavily on a 1998 publication from the National Institute on Drug Abuse and National Institute on Alcohol Abuse and Alcoholism (NIDA/NIAAA, 1998), and a 1999 study for the Washington State Department of Social and Health Services, Division of Alcohol and Substance Abuse. As exhaustive and thorough as these studies are, they do not address Alaska's higher alcohol rates or its higher cost of providing services. Alaska's alcohol-dependent population is double the national average, according to results of the Alaska Adult Household Telephone Survey conducted by the Gallup Organization. In addition, cost-of-living indicators published by American Chamber of Commerce Researchers Association (ACCRA) show Anchorage health care costs were 65 percent higher than the national average during 2003.

In nearly all cases, Alaska-specific data were not available on the amount of crime, health and medical costs, lost production, and public assistance that can be attributed to alcohol and other drug abuse. Estimates rely on national norms based on tested methodologies. National norms are based on a lower prevalence of alcohol abuse and dependence than is the case in Alaska. Comprehensive development of Alaska-specific data is recommended.

Summary

Alcohol and other drug abuse cost Alaska an estimated $367 million in lost productivity during 2003. Lost productivity occurs when alcohol and other drug abuse results in premature death, reduced efficiency of workers through physical or mental impairment, incarceration for criminal offense, and residents requiring inpatient treatment or hospitalization. Overall, the reduced efficiency of employees or premature death of Alaska residents results in less production of goods and services, and thus is a cost to society. Figure 1 illustrates the sources of lost productivity in the Alaska economy.

Figure 1
Percent of Lost Productivity for Alaska from Alcohol and Other Drug Abuse in 2003



- Premature death from alcohol and other drug abuse in Alaska resulted in an estimated $183 million in lost productivity in 2003. Males accounted for $145 million in estimated losses and females, $37.7 million. An average of 236 deaths annually can be attributed to alcohol and other drug abuse between 1999 and 2003. Alcohol and drug abuse accounted for approximately 8 percent of deaths in that period; the average annual number of deaths from all causes in Alaska was 2,964 between 1999 and 2003.
- Alcohol and other drug abuse can impair worker performance resulting in lost productivity. An estimated 39,596 Alaska residents are alcohol dependent, resulting in reduced productivity of $106 million in 2003. Another 14,238 residents were drug dependent, resulting in $30 million in diminished productivity. The male population accounted for the largest portion of lost

productivity at $111 million, while productivity losses for females were estimated at $26 million.

- Of the 3,743 Alaska residents incarcerated in 2003, an estimated 1,193 incarcerations can be attributed to alcohol and other drug abuse. Lost productivity from alcohol and drug related incarcerations was estimated at $39 million.

- Time spent by Alaska residents while receiving inpatient treatment for alcohol and other drug abuse resulted in approximately $9 million in lost productivity in 2003. These figures do not include the actual cost of treatment.

Lost Production Due to Mortality

The largest cost to Alaska residents from alcohol and other drug abuse stems from productivity losses due to premature death. Death from alcohol and other drug abuse can result from suicide, motor vehicle crashes, homicide, cirrhosis, diabetes, or other medical causes. From an economic point of view, an Alaska resident provides two types of production benefits. The first is in the form of employment. By being employed, the resident is contributing to the overall benefit of Alaska society by producing goods and services. The second production benefit is from household services. An individual spends time caring for children, cleaning and maintaining a household like any wage and salary job, though that service is generally not compensated. Combined, these production losses contribute to the largest cost from alcohol and other drug abuse in Alaska.

Methodology

To estimate productivity losses from premature death, McDowell Group relied on the same methodology used in the "The Economic Costs of Alcohol and Drug Abuse in the United States – 1992" for the National Institute on Drug Abuse and National Institute on Alcohol Abuse and Alcoholism (NIDA/NIAAA) published in 1998. The research team first applied attribution factors by diagnosis supplied in the NIDA/NIAAA study to annual deaths by diagnosis reported by Alaska Vital Statistics from 1999 to 2003. Second, 2000 estimates of the present value of life earnings by age and gender were obtained from a published report by University of California Professor Dorothy Rice. These values are a combination of earnings data and estimated value of household services, which originate from U.S. Bureau of Census data. Earnings were adjusted by 5.5 percent to reflect the change in annual per capita personal income from 2000 to 2003 reported by the Bureau of Economic Analysis. Finally, the number of deaths by age and gender attributed to alcohol and other drug abuse were multiplied by the appropriate present value of life earnings in 2003 dollars.

In summary, the value of an average person's lifetime productivity is estimated and, depending on their age at the time of premature death, lost productivity is measured. It is important to note that this measure is not an estimate of "out-of-pocket" losses. Rather, it is a theoretical construct intended to reflect the fact that humans have the potential to be productive, and if life is cut short, society has suffered a loss of production potential.

Results

On average, there were 236 deaths in Alaska due to alcohol and other drug abuse between 1999 and 2003. Based on data from this period, alcohol and other drug abuse accounted for approximately 8 percent of all the deaths in the state (there was an annual average of 2,964 deaths from all causes between 1999 and 2003).

A breakdown of average annual deaths by age and gender is presented in Table 1. Of these deaths, 72 were females and 163 were males. From 1999 to 2003 the largest number of deaths was between ages 40 to 44 for females (seven alcohol and other drug-related deaths) and ages 45 to 54 for males (36 alcohol and other drug-related deaths). Table 2 shows the number of alcohol and other drug-related deaths by cause during this period. Motor vehicle crashes (41 deaths) and suicide (33 deaths) were the major causes of premature death from alcohol and other drug abuse between 1999 and 2003.

Table 1
Average Annual Number of Deaths Attributed to Alcohol and Other Drug Abuse by Age and Gender, 1999-2003

Age	Males	Females
00-04	2.9	2.0
05-09	1.4	0.2
10-14	2.9	1.4
15-19	10.8	4.0
20-24	11.4	4.0
25-29	9.7	3.5
30-34	9.9	3.3
35-39	13.3	5.9
40-44	15.6	6.9
45-49	16.7	6.5
50-54	14.1	4.7
55-59	11.9	4.2
60-64	8.7	4.6
65-69	9.5	3.8
70-74	9.1	4.1
75-79	6.1	4.2
80-84	5.4	3.5
85+	4.0	5.2
Total	**163.4**	**72.2**

Source: Alaska Bureau of Vital Statistics.

Table 2
Average Annual Number of Deaths Attributed to Alcohol and Other Drug Abuse by Diagnoses or Accident, 1999-2003

Illness or Accident	Average Deaths
Motor vehicle accidents	41.2
Intentional self-harm (suicide)	33.0
Mental and behavioral disorders due to use of alcohol	31.2
Assault (homicide)	20.0
Malignant neoplasm of esophagus	14.0
Cerebrovascular disease	11.8
Accidental drowning and submersion	9.1
Accidental poisoning by and exposure to alcohol	8.6
Fibrosis and cirrhosis of liver	8.2
Toxic liver disease	7.7
Malignant neoplasm of lip, oral cavity and pharynx	6.5
Accidental falls	5.4
Accidents caused by fire and flames	4.7
Psychoactive Substance (nondependent) abuse	4.4
Diabetes mellitus	4.2
Malignant neoplasm of stomach	4.0
Air and space transport accidents	3.3
Water transport accidents	3.1
Drug dependence	2.8
Pedal cyclist, motorcycle rider and ATV accidents	2.5
Alcoholic cardiomyopathy	2.4
Pneumonia and influenza	2.4
Acute pancreatitis	2.4
Other diseases of pancreas (including alcohol-induced and chronic)	0.9
Essential hypertension	0.8
Diseases of esophagus, stomach and duodenum	0.8
Respiratory tuberculosis	0.4
Alcoholic gastritis	0.2
Total	**235.6**

Source: Alaska Bureau of Vital Statistics.

Total economic loss from premature death of Alaska residents was $183 million during 2003. Table 3 presents estimated loss of productivity by age and gender. Males accounted for almost $145 million in lost productivity. Females accounted for approximately $38 million. The most significant costs were associated with males in two age groups, those between the ages of 20 to 24 years and 40 to 44 years, which each accounted for $18 million in lost productivity. Females age 35 to 39 years accounted for $5 million, as did those age 40 to 44.

Table 3
Mortality Costs Attributed to Alcohol and Other Drug Abuse
By Age and Gender, 2003

Age	Males	Females
1-4	$3,363,000	$1,693,000
5-9	$1,751,000	$226,000
10-14	$4,038,000	$1,382,000
15-19	$16,320,000	$4,450,000
20-24	$18,240,000	$4,602,000
25-29	$15,410,000	$3,892,000
30-34	$14,810,000	$3,348,000
35-39	$17,870,000	$5,216,000
40-44	$18,040,000	$5,054,000
45-49	$15,590,000	$3,765,000
50-54	$9,872,000	$1,951,000
55-59	$5,456,000	$1,076,000
60-64	$2,188,000	$625,000
65-69	$1,189,000	$236,000
70-79	$539,800	$115,200
75-79	$150,100	$49,440
80-84	$59,880	$16,690
85 & over	$12,000	$4,255
Total	**$144,900,000**	**$37,700,000**

Source: Alaska Bureau of Vital Statistics and Dr. Dorothy Rice, University of California.

Lost Production Due to Diminished Productivity

Alcohol and other drug abuse by Alaska residents results in reduced productivity. This loss can come in the form of high absenteeism, reduced efficiency from diminished physical and mental abilities, or limited work history because of the individual's inability to hold a job. Abuses of alcohol and other drugs may also impact a person's ability to be productive in non-employment related activities like household or parenting services. In extremely severe cases, abusers of alcohol and other drugs can be hospitalized or even institutionalized, in essence removing the individual from productive society entirely. These productivity losses from alcohol and other drug abuse have a significant cost burden to the residents of Alaska.

Methodology

The primary method for estimating economic costs from diminished productivity was to measure lost earnings. The research team relied on estimates presented in the NIDA/NIAAA (1998) study that determined the percent of lost earnings from alcohol and other drug dependence. In the study, the authors estimated the loss of earnings from alcohol-dependent males at 9.4 percent of average earnings and lost earnings from other drug dependent males at 7.7 percent of average earnings. Estimates on lost earnings for the female alcohol and other drug-dependent population came from the 1990 Rice study on the economic impacts of alcohol and other drug abuse. These estimates were used because the authors of the NIDA/NIAAA (1998) study found no impacts to female earnings from alcohol or other drug dependence. The 1990 study reports a reduction in earnings from alcohol dependence of 6.9 percent and 5.4 percent from other drug dependence.

Estimates on the number of Alaskans who are alcohol and other drug dependent came from the 2003 National Survey on Drug Use and Health by the Substance Abuse and Mental Health Services Administration (SAMHSA). In the report, SAMHSA estimated that 10.4 percent of Alaska's population is classified with alcohol or drug dependence or abuse: 8.6 percent for alcohol and 3.1 percent for other drugs. Approximately 1.3 percent of the population is dependent or abusing both alcohol and drugs. SAMHSA reports that males are almost twice as likely to be classified with substance dependence or abuse as females.

Total costs from diminished productivity for male and females were calculated by multiplying diminished productivity by the number of Alaskans who were alcohol and other drug dependent in 2003. The research team collected data from the Alaska Department of Labor and Workforce Development (ADOL) on earnings for males and females during 2003. Alaska males earned an average of $33,762 in 2003, while females earned $23,056. The research team then estimated the annual loss in earnings by multiplying the percent decline in earnings for alcohol or other drug dependence for each gender by the appropriate annual Alaska earnings for 2003.

Results

In 2003, Alaska had approximately 39,596 adult residents classified with alcohol dependence or abuse and 14,238 residents classified with drug dependence or abuse. Of those alcohol-dependent residents, 27,355 were males and 12,240 were females. The drug-dependent population consists of 9,283 adult males and 4,956 adult females. Table 4 presents computation figures for estimating diminished productivity from alcohol and other drug dependence or abuse.

Table 4
Productivity Losses from Alcohol and Other Drug Dependence or Abuse by Gender, 2003

	Alcohol		Other Drugs	
	Males	**Females**	**Males**	**Females**
Alaska population 18 years and over that is alcohol and other drug dependent	27,355	12,240	9,283	4,956
Annual average earnings for Alaska in 2003	$33,762	$23,056	$33,762	$23,056
Loss in productivity from alcohol and other drug dependence	9.4%	6.9%	7.7%	5.4%
Annual lost earnings from alcohol and other drug abuse	$3,174	$1,591	$2,600	$1,245
Estimated productivity loss from alcohol and other drug abuse	$87 million	$19 million	$24 million	$6 million

Sources: Alaska Department of Labor, Employment and Earnings report, 2003; SAMHSA 2003 National Survey on Drug Use and Health, and The Economic Costs of Alcohol and Drug Abuse in the United States-1992 (NIDA/NIAAA, 1998).

The typical Alaska male alcohol abuser cost society $3,174 annually in diminished productivity in 2003. The typical male drug abuser cost society $2,600 in 2003. During that same period, the average female alcohol abuser cost society $1,591 in lost production, while the typical female drug abuser cost society $1,245. Total diminished productivity for Alaska from alcohol and other drug-dependent residents was an estimated $137 million. Of those adults who abuse alcohol or are dependent, the largest portion was from the state's male population. An estimated $87 million in diminished productivity was from males who abuse or are dependent on alcohol, and another $19 million was from females. Diminished productivity from other drug dependence was estimated to cost the state economy $30 million, $24 million from males and $6 million from females.

Lost Production Due to Incarceration

Another source of lost productivity for Alaska is from residents incarcerated because of alcohol and other drugs. Residents can be incarcerated for committing an alcohol or other drug related crime or from committing a crime while under the influence of alcohol or other drugs. An example of an alcohol or other drug-related crime would be distributing alcohol without a license or selling illegal drugs. Sexual assault is an example of a crime committed under the influence, where alcohol or other drug use was a contributing factor. Without alcohol or other drugs, incarcerated Alaskans could be productive members of society producing goods and services. While incarcerated, these individuals are generally not employed and thus are not productive members of society. This loss in productivity can be measured by estimating lost earnings.

Methodology

Estimates for lost productivity from incarcerations involved two steps. The first was to determine the number of Alaska residents incarcerated due to alcohol or other drug-related crimes. The research team relied on national attribution rates published in the NIDA/NIAAA (1998) study. These rates are presented in Table 5. These national attribution rates are thought to be lower than incarceration rates for Alaska from alcohol and other drug abuse. However, no Alaska-specific research has been completed to verify this premise. Currently, only anecdotal information is available. It is speculated that alcohol and other drug abuse plays a role in 85 percent to 95 percent of all incarcerations in Alaska.[1]

Table 5
Attribution Rates for Alcohol and Other Drug-Related Incarcerations

	Alcohol	Other Drug
Homicide	30.0%	15.8%
Assault	30.0%	5.1%
Sexual assault	22.5%	5.1%
Robbery	3.4%	27.2%
Burglary	3.6%	30.0%
Larceny/theft	2.8%	29.6%
Auto theft	3.5%	6.8%
Drug laws	0.0%	100.0%
Driving under the influence	100.0%	0.0%
Liquor laws	100.0%	0.0%
Prostitution	0.0%	12.8%

Source: The Economic Costs of Alcohol and Drug Abuse in the United States – 1992 (NIDA/NIAAA, 1998).

The second step was to estimate potential loss of earnings from incarceration. The research team assumed that persons incarcerated because of alcohol and other drug abuse could be as productive as the general population. As shown above, ADOL indicates Alaska males earned $33,762 in 2003 and females earned $23,056. The earnings estimates were then applied to the alcohol and other drug-related incarcerated population for Alaska in 2003.

[1] Based on discussions with Sarah Williams, Coordinator of Substance Abuse Program, and Teri Carns, Staff Director for the Alaska Criminal Justice Assessment Commission.

Results

In 2003, there were 3,743 people incarcerated for crimes of all types (this is a count of the inmate population regardless of what year they were placed in a correctional facility, not the number of annual offenses). Of these, 1,193 incarcerations were attributed to abuse of alcohol and other drugs. Males accounted for most of the incarcerations attributed to abuse of alcohol and other drugs at 1,065 in 2003, while females accounted for 128 incarcerations.

Table 6 presents the number of people incarcerated for alcohol or drug related offenses in 2003 by offense and gender. These are not the number of incidences in a single year, but the cumulative total of those in prison as of December 31, 2003. Sexual assault, assault, and homicide were the primary offenses committed. Based on attribution rates shown in Table 5, an estimated 122 people were incarcerated for sexual assaults, 163 for assaults, and 122 for homicides attributed to alcohol abuse. Drug law violations were the primary offense associated with other drug abuse at 175 incarcerations.

Table 6
Alcohol and Other Drug-related Incarcerations in Alaska by Offense and Gender, 2003

	Alcohol		Other Drug	
Offense	**Females**	**Males**	**Females**	**Males**
Homicide	7	115	4	61
Assault	11	152	2	26
Sexual Assault	1	121	0	27
Robbery	0	4	2	32
Burglary	0	2	0	21
Larceny-Theft	1	5	11	51
Auto Theft	0	1	0	3
Drug Laws	0	0	34	141
Driving under the influence	41	259	0	0
Liquor Laws	8	49	0	0
Prostitution	0	0	0	0
Total	**70**	**708**	**54**	**360**

Source: McDowell Group based on Alaska Department of Corrections 2003 Offender Profile data and attribution rates by offense from The Economic Costs of Alcohol and Drug Abuse in the United States – 1992 (NIDA/NIAAA, 1998).

Total lost productivity from incarcerations from alcohol and other drug abuse in Alaska was $39 million in 2003. Incarcerated males accounted for $36 million, while females accounted for $3 million in lost productivity.

Lost Production Due to Alcohol/Other Drug Treatment

The final source of lost productivity included in this study is from Alaska residents receiving inpatient alcohol and other drug treatment. Treatment includes long-term residential treatment, short-term hospitalization, and detoxification. While receiving treatment for alcohol and other drug abuse, patients are not productive residents in the Alaska economy, so society loses the benefit of their production of goods and services. This loss in productivity can be measured by estimating lost earnings.

Methodology

Total bed days for residential and detoxification treatment centers were used to estimate lost productivity in 2005 from time spent while undergoing alcohol and other drug treatment. Data for 2003 was not available, therefore 2005 is considered a reasonable proxy for 2003 bed days. Total bed days were then converted to work years. Work years were multiplied by average annual 2003 earnings of $37,356 for all Alaskans, as reported by ADOL.

Results

There were 85,926 total bed days for alcohol and other drug abuse in 2005.[2] These total bed days was equivalent to 235 work years. Overall, total lost production from inpatient treatment for alcohol and other drug abuse was estimated at $8.8 million. This figure does not include lost productivity from residents receiving substance abuse treatment outside the state. Although the exact number of these individuals is unknown, it is estimated that much of the private residential treatment received by Alaskans occurs outside of the state.[3]

[2] Source: Alaska Department of Health and Social Services, Mike Bellevue.
[3] Source: Finding the Answers to Tough Questions About Substance Abuse in Alaska, 1999 Annual Report, State of Alaska Advisory Board on Alcoholism and Drug Abuse.

Alcohol use is a major cause of traffic crashes in Alaska. In 2002, 1,109 traffic crashes were attributed to alcohol, costing an estimated $35 million. Of these crashes, 25 were fatal injury crashes, 107 were major injury crashes, 370 were minor injury crashes, and 607 crashes had property damage only. According to the Alaska Department of Transportation and Public Facilities (ADOTPF), a traffic crash is alcohol-related under the following conditions:

- If the blood alcohol test given to the driver, pedestrian, pedal cyclists, or recreational vehicle operator was positive.
- If a police investigation indicated that alcohol consumption was a contributing factor.
- If a citation was issued for driving while under the influence of alcohol, driving with an open container of alcohol, or public drunkenness.

Methodology

To measure the cost of traffic crashes, the research team used two sources: State of Alaska 2002 alcohol-related traffic crash statistics from ADOTPF, and cost-per-accident data from the National Highway Traffic Safety Administration (NHSTA), adjusted for inflation to 2003 dollars.[4] Crash data was divided into four categories: property damage only, minor injury, major injury, and deaths. These categories were matched to the national data, which shows unit costs from motor vehicle crashes in eight categories. McDowell Group matched minor injuries reported by ADOTPF with Maximum Abbreviated Injury Scale (MAIS) Level 1, classified as minimum injuries in the NHTSA report. Major injuries were matched to MAIS Level 5, classified as critical injuries by NHTSA. No extrapolation is needed for the remaining categories, property damage only and fatalities, which are in each study. Unit costs related to traffic crashes from the NHTSA report are presented in Table 7.

Table 7
Unit Costs of Traffic Crashes in the U.S., 2003

Type of Cost	Fatal	Major Injury (MAIS 5)	Minor Injury (MAIS 1)	Property Damage Only
Insurance administration	$37,120	$75,118	$715	$116
Workplace cost	$8,702	$8,191	$252	$51
Legal cost	$102,138	$88,753	$172	$0
Property damage	$10,273	$9,446	$3,844	$1,484
Total	**$158,233**	**$181,508**	**$4,983**	**$1,651**

Source: The Economic Cost of Motor Vehicle Crashes, 2000, NHSTA.

Other than knowing that other drugs are a contributing factor in traffic crashes, little is known about their significance, because only alcohol-related data is collected. In the NHTSA study, costs from traffic crashes are divided into separate expense categories. This includes medical costs, loss in productivity from mortality and morbidity, insurance administration costs, workplace costs, legal costs, and property damage costs. To avoid double counting, the research team estimated insurance

[4] *The Economic Cost of Motor Vehicle Crashes, 2000*, published by the National Highway Traffic Safety Administration (NHTSA).

administration costs, workplace, legal and property costs. Losses in productivity and medical costs are accounted for in other sections of the report.

Cost estimates for alcohol-related traffic crashes were adjusted to reflect changes in the Alaska cost-of-living and in U.S. prices from 2000 to 2003. Inflation was estimated using the Anchorage consumer price index from the Bureau of Labor Statistics (BLS). Inflation over this period was approximately 8 percent. The source for the cost-of-living data was the American Chamber of Commerce Researchers Association (ACCRA). During 2003, Anchorage's cost-of-living was approximately 25 percent higher than the average participating city in the American Chamber of Commerce.

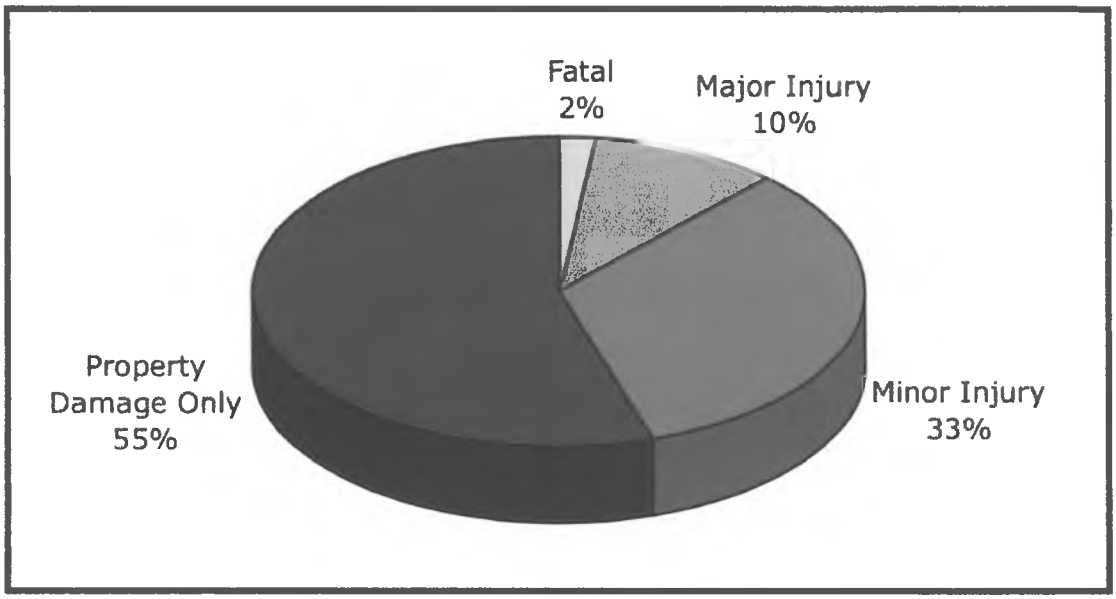
Traffic accident statistics include ATV and snowmobile crashes on roadways, but DOTPF does not collect ATV and snowmobile crashes off roadways, such as rivers, lakes, and in the backcountry. Lost productivity and health care costs associated with alcohol-related ATV and snowmobile deaths or injuries are included in the cost estimates. Property damage is not included.

Results

In 2002, 1,109 traffic crashes in Alaska were alcohol-related, about 8 percent of traffic crashes from all causes (13,325). However, the percentage of traffic fatalities caused by alcohol is much greater. About half of all U.S. fatal traffic crashes are caused by alcohol use (NHTSA, 1994). In Alaska, 32 percent of the 78 deaths from traffic crashes were attributed to alcohol in 2002. Figure 2 shows the number of alcohol-related crashes by category.

Adjusted to reflect 2003 dollars, alcohol-related traffic crashes in Alaska cost approximately $35 million in 2003. Table 7 shows the cost of alcohol-related traffic crashes by severity and expense. Legal costs of $16 million were the largest expense, followed by insurance administration costs at $12 million. By crash category, major injuries accounted for the largest costs at $26 million. Lost productivity associated with fatal crashes are not included in this estimate. (See chapter on Lost Productivity.) If these costs were included, the costs of alcohol-related traffic deaths would be far higher than other traffic crash categories.

Figure 2
Percent of Alcohol-Related Traffic Crashes by Type in Alaska, 2002



Source: Alaska Department of Transportation and Public Facilities.

Table 8
Number of Traffic Crashes and
Total Cost of Alcohol-Related Crashes in Alaska, 2003

Number of Traffic Crashes and Cost Type	Fatal	Major Injury	Minor Injury	Property Damage Only	Total Costs
Number of traffic crashes	25	107	370	607	1,109
Insurance administration cost (thousands of dollars)	$1,245	$10,787	$355	$94	$12,482
Workplace cost (thousands of dollars)	$292	$1,176	$125	$42	$1,635
Legal cost (thousands of dollars)	$3,427	$12,745	$85	$0	$16,257
Property damage cost (thousands of dollars)	$345	$1,356	$1,909	$1,209	$4,819
Total Costs (thousands of dollars)	**$5,309**	**$26,064**	**$2,474**	**$1,345**	**$35,192**

Source: McDowell Group, Note: Number of accidents is based on 2002 data from Alaska Department of Transportation and Public Facilities report, 2002 Alaska Traffic Collisions; and The Economic Cost of Motor Vehicle Crashes, 2000, NHTSA, adjusted for inflation and cost-of-living in Alaska.

Alcohol and other drug abuse contribute to a majority of the criminal justice and protective services costs in Alaska. Combined, these costs totaled nearly $154 million during 2003. Costs for police protection, legal and court services, and incarceration services totaled $93.8 million in 2003. Child and adult protective services totaled nearly $60 million in Alaska during 2003. Child protective services, the largest share of protective services, includes foster care, adoption care, residential care, and social worker services.

Criminal Justice

Like all states in the U.S., Alaska suffers from alcohol and other drug abuse-related crime. Nationwide, 49 percent of 14,000 inmates surveyed reported they were under the influence of alcohol and other drugs at the time of the offense (NIDA/NIAAA, 1998). In another study, it was reported that 2.5 million arrests were made in the U.S. for alcohol offenses, while another 1.5 million arrests were for other drug offenses (Schneider Institute for Health Policy, 2001).

In Alaska there were an estimated 17,000 arrests or offenses known to law enforcement in 2003 that were attributed to alcohol and other drug abuse. During the same period, approximately 57,000 Alaska residents were victims of alcohol and other drug abuse-related crimes. All combined, costs attributed to crime-related alcohol and other drug abuse in Alaska were $93.8 million during this period.

The focus of this section is to provide estimates on the economic costs of crime-related alcohol and other drug abuse for Alaska during 2003.

Methodology

To estimate the economic costs of alcohol and other drug abuse-related crime, the research team relied on a methodology similar to that used in the NIDA/NIAAA (1998) report. Five cost measurements were used: law enforcement, legal and adjudication, corrections, victims' property damage, and victims' medical expenses. Within each category, crime-related attribution rates for alcohol and other drug abuse (NIDA/NIAAA, 1998) were applied to Alaska crime data.

To estimate enforcement and legal costs, estimates were based on data from the Alaska Department of Public Safety (DPS), and blended with attribution rates from the NIDA/NIAAA (1998) report. DPS prepares an annual report, "Crime Reported in Alaska," as part of the nationwide Unified Crime Reporting system. In 2003, law enforcement agencies reporting to DPS for the purposes of the UCR had jurisdiction over 97.5 percent of Alaska's population. The report presents data on offenses known to law enforcement for a proscribed group of offenses: murder, rape, aggravated assault, burglary, larceny-theft, and motor vehicle theft. This includes all offenses of which law enforcement is aware, whether or not an arrest was made. In addition, the report provides arrest data on a number of additional categories of offense. For the purpose of this report, data on offenses known to law enforcement were used when available. When unavailable, straight arrest data was used. Variations between the two data types are noted when appropriate.

Though not used in this study, data from the Arrestee Drug Abuse Monitoring Program (ADAM) project provides an indication of the linkage between drug abuse and crime in Alaska. For example, a survey (including drug testing) of 718 male and female arrestees in Anchorage in 1999 found that 54 percent of males and 56 percent of females tested positive for one or more drugs (including cocaine, marijuana, opiates, Methamphetamine, and PCP).[5] The ADAM project also collected arrestee data on alcohol use. The survey collected data on long-term and near-term drinking behavior prior to arrest for 1,178 males booked into Anchorage jails in 2000 and 2001. The authors of the summary report concluded that "among those that enter the criminal justice system through jails, problematic alcohol abuse is rampant."[6]

Inmate population by offense was used for correction cost estimates. Inmate counts were based on the Alaska Department of Corrections 2003 Offender Profile. The Offender Profile provides inmate counts by offense category as of December 31 of each year. Alcohol and drug abuse attribution rates from NIDA/NIAAA (1998) were applied to this data. Total expenditures by the Department of Corrections in 2003 were $179 million.

Alaska population data from ADOL and victimization rates from the Bureau of Justice Statistics were used to estimate victim property damage and medical costs. In each case, Alaska-specific data by offense was multiplied by its associated attribute rate for alcohol and other drug abuse.

Attribution rates, arrests, and incarcerations related to alcohol and other drug abuse are presented in Tables 9 and 10.[7] Victimization rates, victim numbers, and attribution rates related to alcohol and other drug abuse are shown in Table 11.

[5] "Drug Abuse Among Arrestees in Anchorage", Alaska Justice Forum 17(1), Spring 2000.
[6] "Alcohol Use Among Anchorage Arrestees", Alaska Justice Forum 19(4), Winter 2003.
[7] Specific data on drug and alcohol arrests is available from the Alaska State Troopers Alaska Bureau of Alcohol and Drug Enforcement (ABADE). For example, ABADE alcohol-related arrest/charges included 43 for distribution/sales and 237 for transport in 2003. Cocaine related arrests/charges includes 53 for distribution/sales, 28 for transport and 24 for possession in 2003. Crack related arrests/charges includes 13 for distribution/sales and 11 for possession. Source: 2003 Annual Drug Report.

Table 9
Arrests Attributed to Alcohol and Other Drug Abuse in Alaska, 2003

Type of Offense	Total Number of Arrests	Alcohol Abuse	Drug Abuse	Arrests Attributed to Alcohol Abuse	Arrests Attributed to Drug Abuse	Total Substance Related Arrests
Murder	39	30%	16%	12	6	**18**
Aggravated Assault	2,638	30%	5%	791	135	**926**
Sexual Assault	575	23%	2%	129	14	**143**
Robbery	442	3%	27%	15	120	**135**
Burglary	3,809	4%	30%	137	1,143	**1,280**
Larceny-Theft	17,626	3%	30%	494	5,217	**5,711**
Auto Theft	2,411	4%	7%	84	164	**248**
Driving While Intoxicated*	4,987	100%	0%	4,987	0	**4,987**
Liquor Laws*	1,746	100%	0%	1,746	0	**1,746**
Stolen Property*	24	0%	15%	0	4	**4**
Prostitution*	59	0%	13%	0	8	**8**
Drug Laws*	2,187	0%	100%	0	2,187	**2,187**
Total	**36,543**			**8,396**	**8,997**	**17,392**

Source: McDowell Group, based on attribution rates from The Economic Costs of Alcohol and Drug Abuse in the United States – 1992 (NIDA/NIAAA, 1998); and Crime Reported in Alaska, 2003 from the Alaska Department of Public Safety.
Notes: Columns and rows may not total due to rounding.
* Categories marked with an asterisk (*) represent pure arrest data. Other categories are offenses known to law enforcement, which include arrests as well as offenses for which no arrest was made.

Table 10
Incarcerations Attributed to Alcohol and Other Drug Abuse in Alaska, 2003

Type of Offense	Alaska Inmates in 2003 by category	Percent Alcohol-related	Percent Other Drug Related	Incarcerations Attributed to Alcohol Abuse	Incarcerations Attributed to Other Drug Abuse	Total Incarcerations Related Alcohol and Other Drug Abuse
Murder	407	30.0%	15.8%	122	64	**186**
Aggravated assault	541	30.0%	5.1%	162	28	**190**
Sexual assault	543	22.5%	2.4%	122	28	**150**
Robbery	124	3.4%	27.2%	4	34	**38**
Burglary	70	3.6%	30.0%	3	21	**24**
Larceny/theft	209	2.8%	29.6%	6	62	**68**
Auto theft	40	3.5%	6.8%	1	3	**4**
Driving while intoxicated	300	100.0%	0.0%	300	0	**300**
Liquor laws	57	100.0%	0.0%	57	0	**57**
Prostitution	2	0.0%	12.8%	0	0	**0**
Drug laws	175	0.0%	100.0%	0	175	**175**
Total	**2,468**			**778**	**414**	**1,192**

Source: McDowell Group, based on attribution rates from The Economic Costs of Alcohol and Drug Abuse in the United States – 1992 (NIDA/NIAAA, 1998); and incarceration data from Alaska Department of Corrections. Counts do not include entire inmate population; only those offenders in the specified categories are counted. Inmates whose offense was an "attempt" at any of the specified categories are included in the counts. For example, inmates imprisoned for "attempted murder" would be grouped in the "murder" category.
Notes: Columns and rows may not total due to rounding.

Table 11
Victimizations Attributed to Alcohol and Other Drug Abuse in Alaska, 2003

Type of Crime	Victimizations per 1,000 persons age 12 or older or per 1,000 households	Total Number of Victims	Percent Alcohol-related	Percent Other Drug Related	Number of Victims Attributed to Alcohol Abuse	Number of Victims Attributed to Other Drug Abuse	Total Number of Victims Attributed to Substance Abuse
Robbery	2.5	1,309	3.4%	27.2%	45	356	**401**
Assault	19.3	10,107	30.0	5.1	3,032	515	**3,548**
Personal larceny	124.4	28,506	2.8	29.6	798	8,438	**9,236**
Burglary	29.8	6,829	3.6	30.0	246	2,049	**2,294**
Motor vehicle theft	9	2,062	3.5	6.8	72	140	**212**
Sexual Assault	0.8	419	22.5	2.4	94	10	**104**
Murder	-	39	30.0	16.0	12	6	**18**
Total		**49,232**			**4,299**	**11,514**	**15,813**

Source: McDowell Group, based on attribution rates from The Economic Costs of Alcohol and Drug Abuse in the United States – 1992 (NIDA/NIAAA, 1998); population data from Alaska Department of Labor, and victimization rates from Bureau of Justice Statistics.

As reported under Productivity Losses, crime rates attributed to alcohol and other drug abuse are thought to be higher in Alaska than the rest of the nation. Attribution rates from the NIDA/NIAAA (1998) study were used to estimate Alaska crime rates related to substance abuse, because no Alaska-specific data is currently available to support this premise.

To measure criminal costs attributed to alcohol and other drug abuse, the research team used NIDA/NIAAA (1998) data to estimate the economic implications of criminal activity. After adjusting for inflation and the Alaska cost-of-living differential, law enforcement costs per arrest ranged from $60 to $4,100, depending on the offense, while the average legal costs for most offenses were $1,100 per arrest. Legal costs for driving while intoxicated, liquor laws, and public drunkenness were approximately $60 per arrest. Average incarceration costs per inmate were approximately $33,500. Property damage and medical costs per victim by crime type are presented in Table 12. These unit costs were used to estimate the costs of arrests, incarcerations, and victimizations related to alcohol and other drug abuse.

Table 12
Property Damage and Medical Expenses per Victim, 2003

Type of Crime	Property Damage Expenses per Victim	Medical Expenses per Victim
Robbery	$27	$10
Assault	46	540
Rape	-	72
Murder**	-	23,816
Larceny	31	-
Burglary	58	-
Motor vehicle theft	207	-

Source: McDowell Group estimates based on NIDA, NIAAA 1992 and the Bureau of Justice Statistics.
** Medical costs for homicides include long-term costs. See NIDA/NIAAA (1998), Appendix C, Table C.6.

As noted above, costs were adjusted to reflect changes in U.S. prices from 1992 to 2003, as well as the cost-of-living in Alaska. Bureau of Labor Statistics inflation rates specific to health care were used to inflate health care and medical expenses (a 56 percent inflation rate). To adjust for Alaska's higher medical costs relative to the rest of the country, medical expenses for victims were increased by a 65 percent health care-specific cost-of-living differential. This differential was drawn from American Chamber of Commerce Research Association data for fourth quarter 2003.

Additional costs from lost productivity due to incarceration are presented in the Productivity Losses chapter to avoid double counting. Inmates are generally not employed while incarcerated, so society loses the benefit of their production of goods and services.

Drug traffic control costs were not included in this report. The U.S. budget in fiscal year 2003 for drug traffic control was $11 billion.[8] Some portion of this money was spent in Alaska for drug interdiction, international intelligence, research, and a number of other drug-related activities. However, specific information on Alaska's portion of this budget is not available.

Results

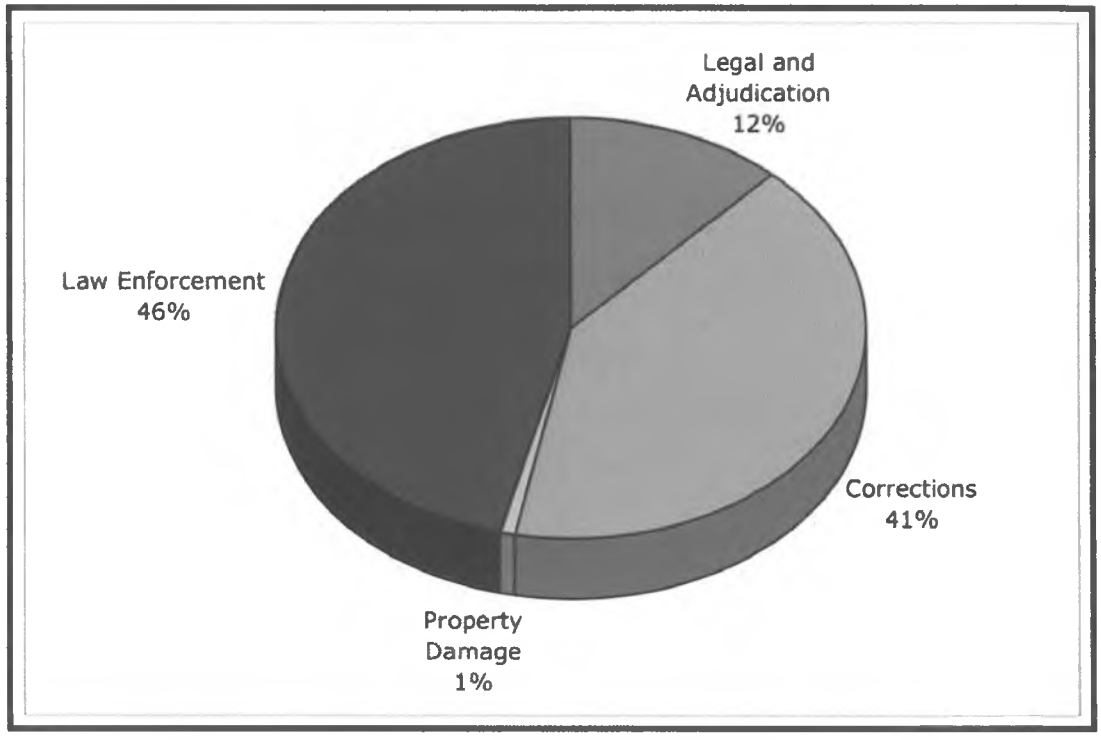
In Alaska in 2003, approximately 17,400 offenses known to law enforcement and 1,190 incarcerations were attributed to alcohol and other drug abuse. Of the 17,400 arrests, 8,400 crimes were related to alcohol abuse, while other drug abuse accounted for 9,000 crimes. Among incarcerations, 780 were alcohol-related and 410 were other drug-related.

Alaska also had an estimated 15,800 residents who were victims of alcohol or other drug abuse-related crimes. The number of victims who had property damage was 11,700, while 4,100 of the victimizations were against a person.

Figure 3 shows the distribution of alcohol and other drug-related crime by cost. Total costs for Alaska substance abuse-related crime were $93.8 million in 2003. The largest expense was law enforcement at $43.4 million, followed by correction costs at $38.2 million and legal and adjudication costs at $11.6 million. Property damage costs totaled more than $636,000 and medical costs to victims totaled $1.9 million. Medical costs are reported in this chapter for reference, but were not added to total crime-related costs to avoid double counting. Medical costs are included in the Health Care chapter.

[8] Bureau of Justice Statistics, http://www.ojp.usdoj.gov/bjs/dcf/dcb.htm, retrieved 8/17/05.

Figure 3
Distribution of Criminal Justice Costs Attributed to Alcohol and Other Drug Abuse in Alaska, 2003



Note: Figures may not add to 100% due to rounding.

Table 13 presents law enforcement costs from alcohol and other drug-related crime for Alaska during 2003. Larceny and theft accounted for the largest expense at $23 million. Burglary accounted for $5.2 million and assault for $3.7 million.

Legal costs from alcohol and other drug-related crimes for Alaska during 2003 are presented in Table 14. Larceny and theft were the largest expense at $6 million. Costs for burglary were $1.3 million, and for assault were $972,000.

Among Alaska incarceration costs in 2003, costs for inmates imprisoned for driving while intoxicated were greatest, at $10 million. This is a substantial increase from 1999, due largely to a more than doubling of the inmate population for DWI crimes. This was followed by costs for aggravated assault, at $6.4 million and homicide at $6.2 million. Drug laws were fourth, at $5.9 million, and sexual assault followed, at $4.5 million. Table 15 presents incarceration costs for Alaska during 2003 by offense.

Table 13
Law Enforcement Costs Attributed to Alcohol and Other Drug Abuse by Offense in Alaska, 2003

Type of Offense	Alcohol	Drug	Total
Homicide*	$47,000	$25,000	$71,000
Aggravated Assault*	3,196,000	544,000	3,740,000
Sexual Assault*	512,000	47,000	559,000
Robbery*	61,0600	485,000	545,000
Burglary*	555,000	4,610,000	5,165,000
Larceny-Theft*	1,986,000	21,066,000	23,051,000
Auto Theft*	348,000	657,000	1,005,000
Driving while intoxicated	311,000	-	311,000
Liquor Laws	107,000	-	107,000
Stolen Property	-	15,000	15,000
Prostitution	-	30,000	30,000
Drug Laws	-	8,831,000	8,831,000
Total	**$7,122,000**	**$36,307,000**	**$43,430,000**

Source: McDowell Group, based on attribution rates from The Economic Costs of Alcohol and Drug Abuse in the United States – 1992 (NIDA/NIAAA, 1998); and offense data from Alaska Department of Public Safety, Crime in Alaska, 2003.

* Categories marked with an asterisk (*) represent pure arrest data. Other categories are offenses known to law enforcement, which include arrests as well as offenses for which no arrest was made.

Note: Columns and rows may not total due to rounding.

Table 14
Legal and Adjudication Costs Attributed to Alcohol and Other Drug Abuse by Offense in Alaska, 2003

Type of Offense	Alcohol-Related	Drug-Related	Total
Homicide	$11,000	$5,000	$16,000
Aggravated assault	832,000	140,000	972,000
Sexual assault	140,000	23,000	163,000
Robbery	16,000	125,000	141,000
Burglary	142,000	1,195,000	1,337,000
Larceny-theft	520,000	5,494,000	6,013,000
Auto theft	97,000	174,000	271,000
Driving while intoxicated	311,000	-	311,000
Liquor laws	107,000	-	107,000
Stolen property	-	4,000	4,000
Prostitution	-	8,000	8,000
Drug laws	-	2,299,000	2,299,000
Total	**$2,176,000**	**$9,468,000**	**$11,644,000**

Source: McDowell Group, based on attribution rates from The Economic Costs of Alcohol and Drug Abuse in the United States – 1992 (NIDA/NIAAA, 1998); and offense data from Alaska Department of Public Safety, Crime in Alaska, 2003.

Note: Columns and rows may not total due to rounding.

Table 15
Incarceration Costs Attributed to
Alcohol and Other Drug Abuse by Offense in Alaska, 2003

Type of Offense	Alcohol-Related	Other Drug-Related	Total
Homicide	$ 4,163,000	$2,195,000	$6,358,000
Aggravated assault	5,540,000	936,000	6,477,000
Sexual assault	4,122,000	444,000	4,566,000
Robbery	152,000	1,216,000	1,368,000
Burglary	85,000	708,000	792,000
Larceny/theft	202,000	2,110,000	2,312,000
Auto theft	47,000	93,000	140,000
Driving while intoxicated	10,074,000	-	10,074,000
Liquor laws	-	-	-
Prostitution	-	-	-
Drug laws	-	6,097,000	6,097,000
Total	**$24,384,000**	**$13,800,000**	**$38,184,000**

Source: McDowell Group, based on attribution rates from The Economic Costs of Alcohol and Drug Abuse in the United States – 1992 (NIDA/NIAAA, 1998); and incarceration data from Alaska Department of Corrections.

Note: Columns and rows may not total due to rounding.

This incarceration data does not include Alaska Statute Title 47 Protective Holds in Department of Corrections Facilities. Department of Corrections data does not specify the reason for each protective hold, but DOC staff indicate that the "vast majority [of protective holds] are the result of incapacitation due to alcohol use." For the years 2000-2002, there were a total of 7,920 protective holds for 3,243 individuals.[9] Estimates of the annual cost of these protective holds are not available.

Protective Services

Alcohol and other drug abuse is a primary contributor to child abuse and neglect cases in Alaska. In a study completed by the National Center on Addiction and Substance Abuse at Columbia University in 1999, it was found that parents were three times more likely to abuse their children and four times more likely to neglect their children if the parents were substance abusers. In that same study, approximately seven out of ten abused or neglected children nationwide are linked to parents who abuse alcohol and other drugs. In a study completed by the Alaska, Department of Health and Social Services, Division of Alcohol and Drug Abuse (DADA) (now part of the Department of Behavioral Health), approximately 81 percent of all Division of Family and Youth Services (DFYS) (now the Office of Children's Services) reports of child abuse involved alcohol and drug abuse.[10,11]

[9] "Analysis of Title 47 Protective Holds in Department of Corrections Facilities, CY 00-02." Undated document.
[10] *Final Report of the Alaska Criminal Justice Assessment Commission*, May 2000, published by the Alaska Judicial Council.

Methodology

Currently, there is no accurate measure of the cost to Alaska from child abuse and neglect caused by alcohol and other drug abuse. To overcome this shortfall, the research team relied on the 1999 DADA child abuse estimate and assumed that 81 percent of child protective services were attributable to alcohol and other drug abuse. These services include foster care, adoption care, residential care, and social work care through the Office of Children's Services (OCS). In addition, the Office of Public Advocacy (OPA) provides child protective services. Their services include advocacy within the legal system for children under state custody. Their total FY2003 expenditure was $13.8 million. Unfortunately, OPA was not able to provide the portion of their budget that is attributed to child protective services.

Adult protective service costs during 2003 were provided by Division of Senior and Disability Services, in the Department of Health and Social Services. The division provides assistance to adults who are unable to care for themselves, either because of physical, emotional, or mental impairment. Total expenditures on adult protective services in 2003 were $733,000. Department personnel estimate that 20 percent of all protective services cases are related to substance abuse or dependence by the care recipient. Another 20 percent of the cases the department handles are linked to substance abuse or dependence by primary caregivers or other family members.

Results

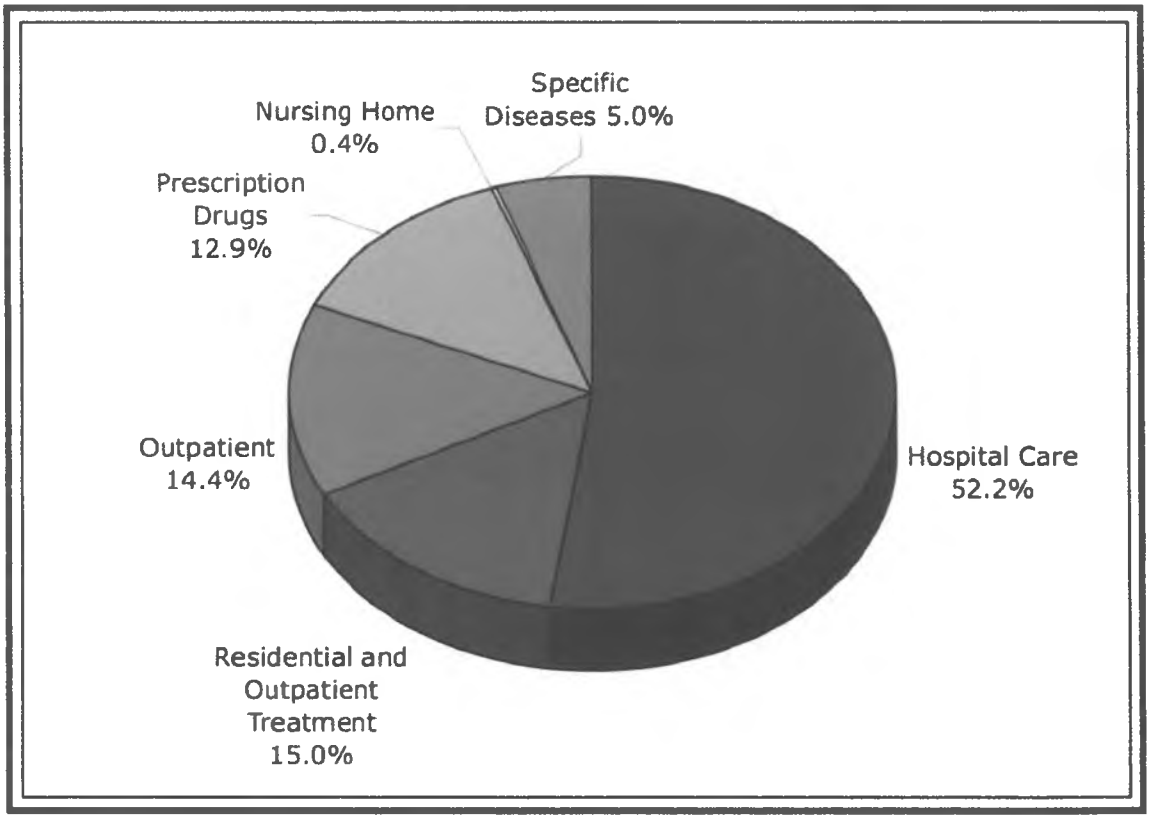
Total costs for child protective services provided by the Office of Children's Services in Alaska during fiscal year 2003 were nearly $60 million. Social work accounted for the largest expense at $18.4 million. Other expenses include $13 million for foster care services, $14 million for residential services, and $13.7 million for adoption and guardianship services. Additional program funding for child abuse prevention programs was $1.6 million.

Adult protective care services were estimated at $293,000 during 2003.

Illness and injuries stemming from alcohol and other drug abuse have significant health costs. In Alaska, health care costs related to alcohol and other drug abuse are estimated at $178 million. Alcohol and other drug-related illnesses or injuries range from acute to chronic. Acute illness includes alcohol poisoning, while chronic illness could be cirrhosis of the liver. In addition, prolonged alcohol and other drug abuse could increase the chance of other illnesses such as hypertension, diabetes, or stomach cancer.

This chapter estimates health care costs related to alcohol and other drug abuse in Alaska during 2003. Health care costs are presented for the following categories: hospital, outpatient, prescription drugs, nursing home and long term care facilities, fetal alcohol syndrome (FAS), HIV, and hepatitis B and C.

Figure 4
Distribution of Health Care Costs Related to Alcohol and Other Drug Abuse in Alaska, 2003



- Hospital costs from alcohol and other drug abuse-related injuries and illnesses in Alaska are estimated at $93 million in 2003. Alcohol abuse-related hospital care for medical illnesses and injuries costs accounted for $84.8 million, while other drug abuse-related costs were $8.2 million.

- Alcohol and other drug in-resident and outpatient drug and alcohol treatment costs from state sources were approximately $26.8 million.

- Total medical outpatient visits from alcohol and other drug abuse-related illness or injuries are estimated at 60,100 for a total cost of $25.7 million in 2003.

- Pharmaceutical and long term care costs from alcohol abuse are estimated at $23.0 million and $719,400, respectively.

- Approximately 78 HIV and HIV with AIDS cases were attributed to intravenous drug use during 2003. Total medical costs for treating these patients were $3.9 million.

- Intravenous drug abuse contributed to 344 hepatitis B and C cases in Alaska during 2003, with medical care costs of $5.1 million.

Excluded from the total values are the costs of care for individuals with Fetal Alcohol Syndrome and other Fetal Alcohol Spectrum Disorders. Data on the number of individuals living with FASD in Alaska is unavailable. However, information on the number of children born with FAS in a given year is available, as are estimates for lifetime costs of care. Estimated lifetime health care costs for the 15 FAS births in 2003 are $47.0 million.

Hospital Costs

Hospital costs from illness and injuries are a significant portion of alcohol and other drug-related health care costs. In 2003, hospital costs from illness and injuries accounted for 52 percent of total health care costs related to alcohol and other drug abuse (which totaled $178 million). Hospital costs are composed of three sources:

- Illness or injuries directly related to alcohol and other drug abuse, which might include alcohol cirrhosis or gastritis.

- Illness indirectly related to alcohol and other drug abuse, which could include cancer of the esophagus, burns, or poisoning.

- Treatment or injuries complicated by alcohol and other drug abuse resulting in lengthy hospital stays.

Methodology

To estimate injury and illness-related hospital costs from alcohol and other drug abuse, the research team relied on results of two studies: the *National Survey on Drug Use and Health*, conducted annually by the Substance Abuse and Mental Health Services Administration in the U.S. Department of Health and Social Services; and *The Economic Costs of Alcohol and Drug Abuse in the United States - 1992*, NIDA/NIAAA (1998).

The NSDUH showed that 10.4 percent of Alaska's population age 12 and older was dependent upon or had abused illicit drugs or alcohol in 2003, while the U.S. national average was 4.5 percent. Alaska's portion of the U.S. substance dependent or abusing population was 0.5 percent.

No Alaska-specific data exists on the number of hospital inpatient days related to drug and alcohol abuse; to estimate this number, the research team adjusted NIDA/NIAAA (1998) estimates to reflect growth in the U.S. population, and used

the factor for Alaska's alcohol and drug-dependent population (0.5 percent) to determine the number of hospital care days in the state. The NIDA/NIAAA study reported costs for non-federal and federal/veteran inpatient care, as well as costs for alcohol and other drug-related hospital and outside physician services. Cost estimates were adjusted to reflect U.S. price inflation for health care from 1992 to 2003 and Alaska health care costs. Inflation in nationwide health care costs over the time period was approximately 56 percent according to the Bureau of Labor Statistics. During 2003, health care costs in Fairbanks (the largest Alaska city included in 2003 American Chamber of Commerce Research Associates – ACCRA cost-of-living data) were approximately 65 percent higher than a national average. After adjusting for inflation and Alaska health care costs, estimated average cost per day for hospital care in 2003 was $2,099. The daily cost for physician care averaged $504.

Total Alaska non-federal hospital costs from illness and injury-related substance abuse were estimated by applying daily hospital costs to the estimated number of hospital care days related to alcohol and other drug abuse. Hospital costs were divided into three categories for alcohol: alcohol-specific illness, alcohol-related illness, and additional costs from co-occurring alcohol disorders. Other drug categories include other drug-specific illness, other drug-related illness, and additional days from other drug disorders.

Substance abuse-related hospital stay costs for illnesses and injuries in a veterans' or federal facility were estimated using the methodology from the NIDA/NIAAA (1998) study. In that study, veterans' and federal hospital revenues accounted for 9.5 percent of total U.S. hospital revenues. By applying this proportion to non-federal hospital costs for substance abuse, the research team estimated hospital costs for the federal facilities for Alaska during 2003.

Results

The estimated total number of hospital care days related to alcohol and other drug abuse illnesses and injuries were 32,900 in Alaska during 2003. Alcohol abuse accounted for an estimated 30,000 care days, while 2,900 were from other drug abuse. Among alcohol abusers, total hospital care days were estimated as follows: specific illnesses at 2,300, related illnesses at 22,700, and co-occurring alcohol disorders at 5,000. Estimated number of hospital care days for other drug abuse-specific illnesses was fewer than 10, while hospital care days for other drug abuse-related illnesses are not included in hospital costs to avoid double counting. These costs are presented later in this chapter. Additional days from other drug disorders were estimated at 2,900 hospital care days. Table 16 presents results on the number of care days by category for Alaska in 2003.

Table 16
Hospital Costs for Illness and Injuries
Related to Substance Abuse in Alaska, 2003

	Total Care Days	Non-Federal Hospital Costs	Veteran and Federal Hospital Costs	Total Hospital Costs
Alcohol-specific illness	2,300	$6,072,400	$514,000	**$6,586,300**
Alcohol-related illness	22,700	59,164,600	5,007,800	**64,172,400**
Additional days from co-occurring alcohol disorders	5,000	12,931,600	1,094,600	**14,026,100**
Subtotal, alcohol abuse	30,000	78,168,600	6,616,300	**84,784,900**
Other Drug abuse-specific illness	<10	14,800	1,300	**16,100**
Other Drug abuse-related illness	*	*	*	*
Additional days from other drug disorders	2,900	7,586,700	642,200	**8,228,900**
Subtotal, other drug abuse	2,900	7,601,600	643,400	**8,245,000**
Total alcohol and other drug abuse	**32,900**	**$85,770,100**	**$7,259,700**	**$93,029,900**

Source: McDowell Group, based on alcohol and drug dependent population estimates from the 2003 National Survey on Drug Use and Health, from the Substance Abuse and Mental Health Services Administration, U.S. Department of Health and Human Services; and U.S. hospital care days and costs per day related to alcohol and other drug abuse from The Economic Costs of Alcohol and Drug Abuse in the United States – 1992 (NIDA/NIAAA, 1998).

*These costs include HIV, and Hepatitis A and B, which are presented later in the chapter.

Alaska hospital costs from alcohol and other drug abuse-related medical injuries and illness in 2003 were estimated at $93 million (Table 16). Non-federal hospitals accounted for $85.8 million, while veterans and federal hospitals were $7.3 million. Estimated hospital costs injuries and illness related to alcohol and other drug abuse were $84.8 million and $8.2 million, respectively. Alcohol-related illnesses resulted in the highest hospital costs at $64 million.

Data maintained in the Alaska Department of Health and Social Services Alaska Trauma Registry, for the years 1997 through 2001, provides an indication of the number of accidents where alcohol and/or illegal drug use, at the time of the accident, was suspected or proven. Of approximately 22,700 trauma incidents recorded in the registry, alcohol use was suspected or proven in 24 percent of the cases and illegal drug use was suspected or proven in 10 percent of the cases.

Residential and Outpatient Alcohol and Other Drug Treatment Costs

In 2003, there were 4,006 substance abuse treatment admissions in Alaska. Just over 80 percent of these admissions were for alcohol or alcohol with secondary drug issues.

There are several categories of costs related to the treatment of alcohol and drug abuse and dependence in resident and outpatient facilities. The Alaska Department

of Health and Social Services, Division of Behavioral Health, provides grant funds to organizations and agencies throughout the state in support of drug and alcohol treatment services. Specific services include rehabilitation, counseling, case management, and other types of treatment services for individuals and families. In addition, Medicaid pays for treatment in facilities within and outside of Alaska for qualifying Alaskans. Treatment can also be paid through private insurers or private parties.

Data pertaining to the state-funded treatment, both through DBH and through Medicaid, is readily available. Data on costs borne by private insurers or private parties is not available. As a result, cost estimates presented underestimate the total cost of drug and alcohol treatment.

Funding appropriated by the DBH to support alcohol and drug abuse treatment in 2003 totaled approximately $23.3 million. Payments from Medicaid for substance abuse services in 2003 totaled $3.5 million. These payments account for treatment received in substance abuse-specific treatment facilities. Not included in these treatment costs are any services for co-occurring disorders that may have been billed by mental health or other providers. Costs for lab tests for drug and alcohol screening are also excluded from this number. Because Health and Social Services provided the data on both DBH and Medicaid directly, no estimate procedures were needed.

Data from the National Survey of Substance Abuse Treatment Services (N-SSATS) provides data on the number of treatment facilities and clients in substance abuse treatment. As of March 2004, there were 2,503 clients in substance abuse treatment in 69 facilities in Alaska. Just over half of those clients (53 percent) were in private non-profit treatment facilities, 8 percent were in private for-profit facilities, 9 percent were in local government facilities, 14 percent were in federal government facilities, and 16 percent were in tribal government facilities.[12]

Medical Outpatient Costs

Another health expense related to alcohol and other drug abuse is outpatient medical treatment for a specific disorder or illness related to alcohol and other drug abuse. Examples of specific disorders could include alcohol gastritis or cirrhosis, while a related illness could be chronic pancreatitis or cancer of the esophagus.

Methodology

Like hospital costs, specific data on alcohol and other drug abuse-related medical outpatient visits was not available for Alaska. To estimate these costs, the research team applied Alaska prevalence figures to U.S. estimates for alcohol abuse-related medical outpatient visits reported in the NIDA/NIAAA (1998) study. The NIDA/NIAAA study did not report any medical outpatient visits for other drug abuse-specific disorders because of the lack of data and causal relationships needed to estimate the medical outpatient visits. Other drug abuse medical outpatient visits related to HIV and Hepatitis B and C are presented later in the chapter.

Estimated medical outpatient visits were multiplied by the average medical outpatient cost for alcohol and other drug abuse-related illnesses and injuries. Cost estimates were adjusted to reflect changes in U.S. prices from 1992 to 2003, and

[12] N-SSATS State Profile – Alaska 2004.

Alaska health care costs. Inflation was estimated at 56 percent using U.S. consumer price index for health care expenditures from the U.S. Bureau of Labor Statistics. Alaska health care cost data came from ACCRA. During 2003, health care costs in Fairbanks (the largest Alaska city for which data were available) were approximately 64 percent higher than the average participating city. After adjusting for inflation and cost-of-health care in Alaska, the estimated average cost for an alcohol and other drug abuse-related medical outpatient visit was $504.

Results

Alcohol abuse-related medical outpatient visits in Alaska during 2003 were estimated at $25.7 million. Alcohol-related disorders accounted for 52,200 estimated visits, while alcohol-specific illnesses had an estimated 7,900 visits. Table 17 presents estimated medical outpatient visits and costs for alcohol abuse-related disorders.

Of the total $25.7 million in alcohol abuse-related outpatient medical costs in 2003, alcohol abuse-related illness and injury contributed an estimated at $22.3 million, while alcohol abuse-specific illness and injury contributed $3.4 million.

Table 17
Medical Outpatient Visits and Costs Related to Alcohol Abuse in Alaska, 2003

	Outpatient Visits	Outpatient Costs (thousands of dollars)
Alcohol-specific	7,900	$3,373,000
Alcohol-related	52,200	22,286,000
Total, Alcohol Abuse	**60,100**	**$25,659,000**

Source: McDowell Group, based on alcohol and other drug-dependent population estimates from National Survey on Drug Abuse and Health, 2003, Substance Abuse and Mental Health Services Administration, U.S. Department of Health and Human Services; and U.S. medical outpatient and costs related to alcohol abuse from The Economic Costs of Alcohol and Drug Abuse in the United States – 1992 (NIDA/NIAAA, 1998).

Prescription Drugs and Nursing Home/Long-Term Care Costs

Although not as high as hospital and medical outpatient costs, alcohol and other drug abuse also have prescription drug and nursing home costs. Prescription drugs are prescribed for alcohol abuse-specific illnesses such as cirrhosis or alcohol-related cancer. Long-term care and nursing home costs estimates are for residents who have a primary alcohol abuse-specific diagnosis.

Methodology

Alcohol-related prescription drug costs were estimated using Alaska prevalence data on substance abuse. Prevalence estimates were applied to the total U.S. prescription drug costs related to alcohol abuse, as published in the NIDA/NIAAA (1998) study. These totals were adjusted to reflect population growth, inflation, and the cost of health care in Alaska. In the study, 2.2 percent of U.S. prescription drug costs for all illnesses were attributed to alcohol abuse. Prescription drug costs related to other drug abuse were not estimated due to the lack of national data.

Nursing home costs related to alcohol abuse were estimated using data from the Alaska Department of Health and Social Services and the NIDA/NIAAA (1998) study. HSS collects data on the number of long-term care days per care facility in

Alaska, as well as the daily rate information for each facility. There were an estimated 219,400 total nursing home and long-term treatment care bed days in Alaska for all during 2003, while cost per day of care averaged $328 per day, with a range of $213 to $625 per day. The cost of Alaska nursing home care for all illnesses and injuries during 2003 was approximately $71.9 million. Based on estimates published in the NIDA/NIAAA (1998) study, approximately 1 percent of the nation's nursing home care costs can be attributed to alcohol abuse-specific illnesses. The research team applied 1 percent to total nursing home and long term care costs in Alaska during 2003.

Results

Estimated pharmaceutical costs related to alcohol abuse in Alaska during 2003 were approximately $23.0 million. Alcohol abuse-related nursing home care days totaled 2,194 in Alaska during 2003. Costs from these visits amounted to approximately $719,000.

Fetal Alcohol Spectrum Disorders

Prenatal exposure to alcohol can cause specific birth defects which may include physical, mental, behavioral, and learning disabilities. Many children with fetal alcohol disorders are not identified until they reach school age or later. Individuals with alcohol-related effects may have difficulties with attention, memory, and problem solving. Heart, liver, and kidney defects are also common, as well as vision and hearing problems.[13] Alcohol-related effects that fall within the broad category of fetal alcohol spectrum disorders (FASD) include:

- fetal alcohol syndrome (FAS),
- partial FAS (PFAS),
- fetal alcohol effects (FAE),
- alcohol-related neurodevelopmental disorder (ARND),
- and other alcohol-related birth defects (ARBD).[14]

During the past ten years, a number of FAS prevalence rates have been established. Studies by the Centers for Disease Control and Prevention indicate a national rate from 0.2 to 1.5 cases per 1,000 births across various populations.[15] Other studies, including those focusing on specific high-risk populations such as Native Americans, other minorities and families living in poverty have indicated rates from 0.5 to 5.0 per 1,000 live births. Clearly, the data is varied and limited.

In establishing a clear number of infants born each year in the United States with Fetal Alcohol Syndrome, the CDC estimates between 1,000 and 6,000 children will be born with FAS each year – a preventable birth defect and disability.

Beginning in 1997, Alaska was one of five states comprising the CDC's Fetal Alcohol Syndrome Surveillance Network (FASSNet), a program established to provide consistent and comparable FAS prevalence rates. Participating states included Arizona, Colorado, New York, Wisconsin and Alaska (however, FAS rates for Wisconsin are not available). At 1.5 per 1,000 live births, Alaska has a significantly higher rate of children born with FAS than other states in the FASSNet program. In

[13] National Organization on Fetal Alcohol Syndrome, *What is FAS/FASD?*, www.nofas.org/faqs.aspx?id=9
[14] US Department of Health and Human Services, SAMHSA Fetal Alcohol Spectrum Disorders Center for Excellence. *The Language of Fetal Alcohol Spectrum Disorders.*
[15] *FAS: Guidelines for Referral and Diagnosis*, CDC, 2004.

addition, Alaska data showed an estimated FAS prevalence rate of 4.8 per 1,000 live births among Alaska Natives. CDC data indicates FAS prevalence rates ranging from 0.3 per 1,000 in Arizona and Colorado to 0.4 in New York.

CDC estimates that other prenatal alcohol-related conditions, such as ARND and ARBD, occur approximately three times as often as FAS.[16] Within the wider category of FASD (which would include individuals with FAS), the US is estimated to have about 10 cases per 1,000 live births. [17]

Alaska's estimated rate of all births impacted by prenatal alcohol exposure is 16.3 cases per 1,000 births, based on the 1995 to 1999 birth years. While these alcohol-related effects are closely associated with FASD, these rates are not directly comparable to national FASD rates of 10 per 1,000 live births due to differences in diagnoses and reporting at the state and national levels. Based on 16.3 cases per 1,000 and the number of live births from 1995 to 1999, approximately 160 infants are born each year in Alaska with FAS and other effects from maternal alcohol use during pregnancy. Of those, approximately 15 are born with Fetal Alcohol Syndrome (FAS).

FAS vs. FASD

It is important to remember that the information being used to determine the economic costs of care and service delivery to individuals with Fetal Alcohol Syndrome is only a small portion of the overall impact of prenatal exposure to alcohol and the resulting birth defects and disabilities. Beginning in 2000, the State of Alaska began extensive efforts to improve and expand the ability to appropriately diagnose individuals prenatally exposed to alcohol. In 2005, Alaska has a broad and regionally diverse network of diagnostic teams across the state.[18] Data collected from these teams indicate that from July 2000 through March 2005 teams have conducted 755 FASD diagnostic assessments. Of this number, 76 (10.0 percent) were diagnosed with FAS or atypical FAS; 378 (49.9 percent) were diagnosed with Static Encephalopathy; 251 (32.2 percent) were diagnosed with Neurobehavioral Disorder; and 50 (6.6 percent) were found to have no evidence of organic brain damage.

What this data indicates is that the costs associated with all alcohol-related births are much higher than those estimated just for individuals with FAS. And, as noted in the break-through research of Dr. Ann Streissguth in 1996 (Understanding the Occurrence of Secondary Disabilities in Clients with Fetal Alcohol Syndrome [FAS] and Fetal Alcohol Effects [FAE]), individuals with FAE (what is now referred to as FASD) are more likely to develop secondary disabilities and need more services than those with Fetal Alcohol Syndrome and the associated facial dysmorphology. For Alaska and the economic costs associated with all fetal alcohol spectrum disorders, the costs could be as much as 80 percent higher than indicated for FAS alone.

Economic Cost of Fetal Alcohol Syndrome

The cost of caring for and providing appropriate services to a person with FAS can be significant. These costs may include neonatal care for low birth weight to special speech therapy, behavioral management, or residential care for adults with FAS. Lifetime costs for care for children born in 2003 with FAS are estimated below. However, these costs are excluded from the total health care costs for 2003, as the component of that expenditure in 2003 alone cannot be determined.

---

[16] CDC, *Tracking Fetal Alcohol Syndrome*, www.cdc.gov/ncbddd/fas/fassurv.htm

[17] National Organization on Fetal Alcohol Syndrome, *What are the Statistics and Facts about FAS and FASD?*, www.nofas.org/faqs.aspx?id=12

[18] For information on available services go to http://health.hss.state.ak.us/fas/teams/default.htm).

Methodology

To estimate the economic costs from FAS, the research team first determined the number of live births with FAS in Alaska. The Alaska Department of Health and Social Services has closely monitored incidence of FAS in the state since 1998, as part of a U.S. Centers for Disease Control (CDC) monitoring program called the Fetal Alcohol Syndrome Surveillance Network (FASSNet), the ongoing Alaska FAS Surveillance Project and the Alaska Birth Defects Registry. The development of 13 community-based FASD diagnostic teams across Alaska has also assisted in the collection of data related to both FAS and other alcohol-related disabilities included in the FASD umbrella definition.

The Alaska FAS Surveillance Project data collection system is based on reports to the Alaska Birth Defects Registry, and uses medical chart data points to identify children with FAS or other prenatal alcohol-related conditions. DHSS staff consider the surveillance program to be highly rigorous. Alaska clinicians and case workers use a diagnostic process developed by researchers at the University of Washington Fetal Alcohol Syndrome Diagnostic and Prevention Network. Reporting of birth defects to the state registry is mandated by Alaska law. While Alaska's FAS surveillance system is believed to capture the majority of prenatal alcohol-related cases, it is possible that underreporting could make the incidence rate even higher.

For birth years 1995 to 1999, the incidence rate of FAS in Alaska is 1.5 per 1,000 live births.[19] This was the highest rate of the five states that were involved in developing the CDC FASSNet system. (The lowest rate was 0.3 FAS cases per 1,000 births.) However, the incidence of all prenatal alcohol-related conditions, including such conditions as alcohol-related birth defects (ARBD) and alcohol-related neurodevelopmental disorder (ARND), as well as FAS, is 16.3 per 1,000 live births. This incidence rate is assumed to be consistent in birth year 2003.

To estimate FAS costs in Alaska, the research team relied on data published in Health Professions Education Partnership Act of 1998 (Senate Bill 1754). The cost of treating an individual with FAS over his or her lifetime was estimated to be at least $1.4 million in 1995. These costs could include neonatal intensive care, medical and surgical services (not related to neonatal care), special speech therapy, behavioral management, and residential care. Medical and surgical service might include rectifying or monitoring hearing loss or cleft palate surgery. Residential services include special education, home care, speech therapy or institutional care. The 1995 data was adjusted for inflation using the Bureau of Labor Statistics Consumer Price Index for medical care. Additionally, costs of providing care were adjusted by the Alaska differential for cost of living (65 percent in 2003). The resulting total lifetime costs (in 2003 dollars) for providing services to an individual with FAS are estimated at $3.1 million.

The total cost for providing services to an individual with FAS born in Alaska during 2003 was estimated by multiplying the lifetime costs by the number of FAS births during that period.

Results

Table 18 presents estimated costs for FAS births in Alaska during 2003. During that period, Alaska had about 15 FAS births. Total economic costs resulting from services to all individuals with FAS in Alaska totaled approximately $47.0 million.

[19] *Susan Merrick, FAS Surveillance Project Manager, Alaska Department of Health and Social Services, personal communication, July 2005.*

Table 18
Lifetime Costs of Medical and Residential Services for Children Born with FAS in 2003

	Incidence and Costs
Alaska births in 2003	10,084
FAS incidence per 1,000 live births	1.5
FAS births	15
Lifetime FAS cost	**$47,037,000**

Source: Birth data from the Alaska Bureau of Vital Statistics. McDowell Group, based on FAS data from Alaska Department of Health and Social Services; and Health Professions Education Partnership Act of 1998, S. 1754, 108d Congress (1998).

AIDS and HIV Costs

Intravenous drug abuse among individuals who share unhygienic needles is a significant cause of AIDS and HIV. Although AIDS and HIV no longer require extensive inpatient medical care, both result in high medical expenses worth measuring separately from the hospital and outpatient costs presented above (NIDA/NIAAA, 1998).

Methodology

The State of Alaska Department of Health and Social Services Epidemiology Section compiles data on HIV and AIDS diagnoses in the state. While the section does not track individuals with HIV and/or AIDS diagnoses, it does compile cumulative counts of the number of diagnoses in the state since the first known HIV diagnosis. Of the known cases of HIV and/or AIDS, 13 percent are associated with intravenous drug use. In addition, the Epidemiology Section tracks known deaths. The section does not track the whereabouts of diagnosed individuals, and as a result no data exists regarding the number of HIV/AIDS patients who may have moved away from Alaska. For the purposes of these estimates the research team assumes that 100 percent of diagnosed individuals remain in the state, though it is recognized that this may not be the case. Additionally, we assume that 100 percent of the known deaths occurred among individuals who had been diagnosed with AIDS, although data is not available on specific cause of death.

Two steps were used to calculate other drug-related AIDS and HIV medical costs. First, AIDS and HIV costs were estimated by applying annual medical expenses from the NIDA/NIAAA (1998) study to the number of known Alaska AIDS and HIV patients in 2003. Cost data was adjusted for inflation and the cost of health care in Alaska using the same sources and methods previously reported. Annual medical expenses for each Alaska HIV patient were estimated at $30,600, while medical expenses for each AIDS patient were $68,200.

The second step was to determine the percent of AIDS and HIV medical expenses that can be attributed to other drug abuse. The Epidemiology Section reported that approximately 13 percent of AIDS and HIV cases were attributed to intravenous drug abuse. This attribution rate was then applied to medical costs for AIDS and HIV patients.

Based on the data from the Alaska Division of Public Health, a total of 597 individuals with HIV or HIV/AIDS lived in Alaska in 2003. Of those, an estimated

295 had HIV without AIDS and 302 had HIV with AIDS. An estimated 13 percent of these individuals contracted HIV through intravenous drug use.

Although the following cost estimates are limited only to those caused by intravenous drug abuse, alcohol abuse is a risk factor in contracting AIDS and HIV from unprotected sex.

Results

An estimated 78 HIV and HIV with AIDS cases in Alaska are attributable to intravenous drug use. Medical costs for treating these patients in 2003 were approximately $3.8 million. Table 19 presents the number of HIV and HIV with AIDS cases and annual medical expenses for these cases.

Table 19
Annual Medical Expenses per AIDS and HIV Case
Due to Other Drug Abuse in Alaska, 2003

	Annual Medical Expenses per Patient	Number of AIDS and HIV Patients	Total Costs due to Drug Abuse
HIV Positive	$30,600	38	$1,172,000
AIDS	$68,200	39	$2,678,000
Total	**n/a**	**78**	**$3,850,000**

Source: McDowell Group, based on AIDS and HIV case numbers from Alaska Department of Health and Social Services, Division of Public Health; and annual medical expense data from The Economic Costs of Alcohol and Drug Abuse in the United States – 1992 (NIDA/NIAAA, 1998).

Hepatitis B and C Costs

Intravenous drug abuse and sharing unhygienic needles are leading contributors to hepatitis B and C in Alaska. In fact, intravenous drug use is the largest contributor to hepatitis C. Hepatitis B and C have been linked to cirrhosis and primary hepatic cancer.

Methodology

Approximately 12 percent of hepatitis B cases and 36 percent of hepatitis C cases can be attributed to intravenous drug abuse (NIDA/NIAAA, 1998). According to the Alaska Department of Health and Social Services, there were 8 cases of hepatitis B and 952 cases of hepatitis C reported in the state in 2003. Hepatitis B infection is accompanied by acute illness, and reported cases in 2003 likely accurately represent the number of people seeking care for hepatitis B in that year. However, hepatitis C is not necessarily accompanied by acute symptoms, though long-term costs of care are generally far more significant. Due to limited data on the disease stage[20] and how many patients were cured, the report estimates the cost of treating only those hepatitis C cases reported by the Alaska Division of Public Health in 2003.

Medical expenses for hepatitis B and C were presented in the NIDA/NIAAA (1998) study by stage. Since data is limited for hepatitis B and C in Alaska, medical expenses from the NIDA/NIAAA study were averaged. Adjusting for inflation and Alaska health costs, the annual average medical expense is $3,400 for treating hepatitis B and $14,900 for hepatitis C. These costs were applied to all other drug

[20] Incubation, acute, and persistent are the three stages of hepatitis.

abuse-related hepatitis B and C cases reported in 2003 by the Division of Public Health. However, it should be pointed out that most hepatitis B and C cases required only monitoring of the disease, which is relatively inexpensive. Hepatitis B cases generally require intensive treatment but limited long-term care, while hepatitis C cases may require low levels of treatment over an extended time, leading toward intensive treatment in later stages of the disease. The study provides an approximate cost of treating hepatitis B and C cases that were newly reported during 2003.

Results

In Alaska, intravenous drug abuse attributed to one hepatitis B case and 343 hepatitis C cases during 2003. Total annual medical costs for intravenous drug abuse-related hepatitis B were $3,000. Costs associated with the treatment of hepatitis C attributed to intravenous drug abuse were an estimated $5.1 million. Table 20 presents total medical costs and number of cases for hepatitis C in Alaska during 2003.

Table 20
Annual Medical Expenses per Hepatitis C Case
Due to Drug Abuse in Alaska, 2003

	Annual Medical Expenses per Patient	Number of Patients	Total Costs due to Drug Abuse
Hepatitis C	$14,900	343	$5,114,000

Source: McDowell Group, based on hepatitis B and C case numbers from the Alaska Department of Health and Social Services; and annual medical expense data from The Economic Costs of Alcohol and Drug Abuse in the United States – 1992 (NIDA/NIAAA, 1998).
Hepatitis B costs were not included in the table because costs were insignificant compared to Hepatitis C ($3,000).

A significant percentage of individuals with serious mental illness also are users of or dependent upon drugs and/or alcohol. Similarly, rates of serious mental illness among individuals who experience drug and/or alcohol dependence or abuse are significantly higher than among the general population. Research also indicates that adults with co-occurring serious mental illness (SMI) and substance abuse disorders are more likely to receive treatment for their mental illness than for their substance dependence.

The State of Alaska is currently undergoing a process to integrate substance abuse treatment and mental health services in the state so that individuals in need of care can receive coordinated treatment for any co-occurring disorders. In addition, the state introduced an initiative in 2004 called Bring the Kids Home. The purpose of BTKH is to support the development of in-state residential psychiatric treatment capacity for Alaskan children and youths. Though still in its nascent stage, there are already measurable impacts from the initiative.

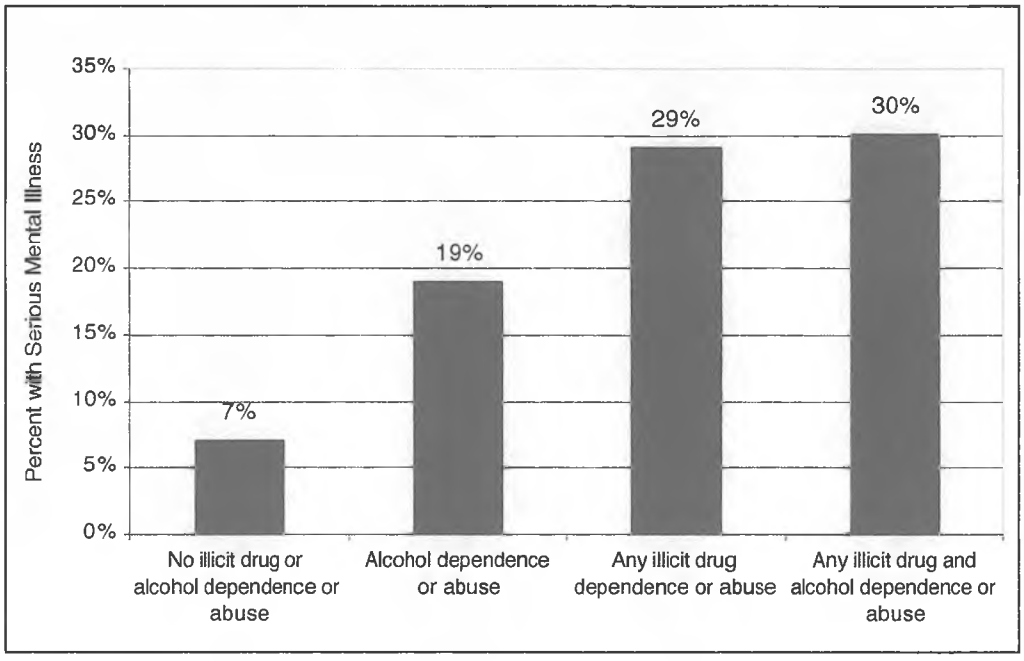
The U.S. Substance Abuse and Mental Health Services Administration (SAMHSA), Office of Applied Studies published a report in 2004 on *Serious Mental Illness and Its Co-Occurrence with Substance Use Disorders* for the year 2002. The report provides data on co-occurrence of mental illness and substance dependence or abuse, as well as comparative data on the rates of treatment for individuals with these conditions, alone or in combination.

Co-Occurrence of Serious Mental Illness and Substance Dependence or Abuse

The prevalence of serious mental illness (SMI) among adults who have a substance use disorder is significantly higher than among adults who do not. Nineteen percent of adults who are dependent upon or who abuse alcohol had SMI in 2002, as did 29 percent of those with illicit drug dependence or abuse, and 30 percent of those with both drug and alcohol abuse or dependence. By contrast, only 7 percent of adults who have no substance use disorder experienced SMI (see Figure 5).

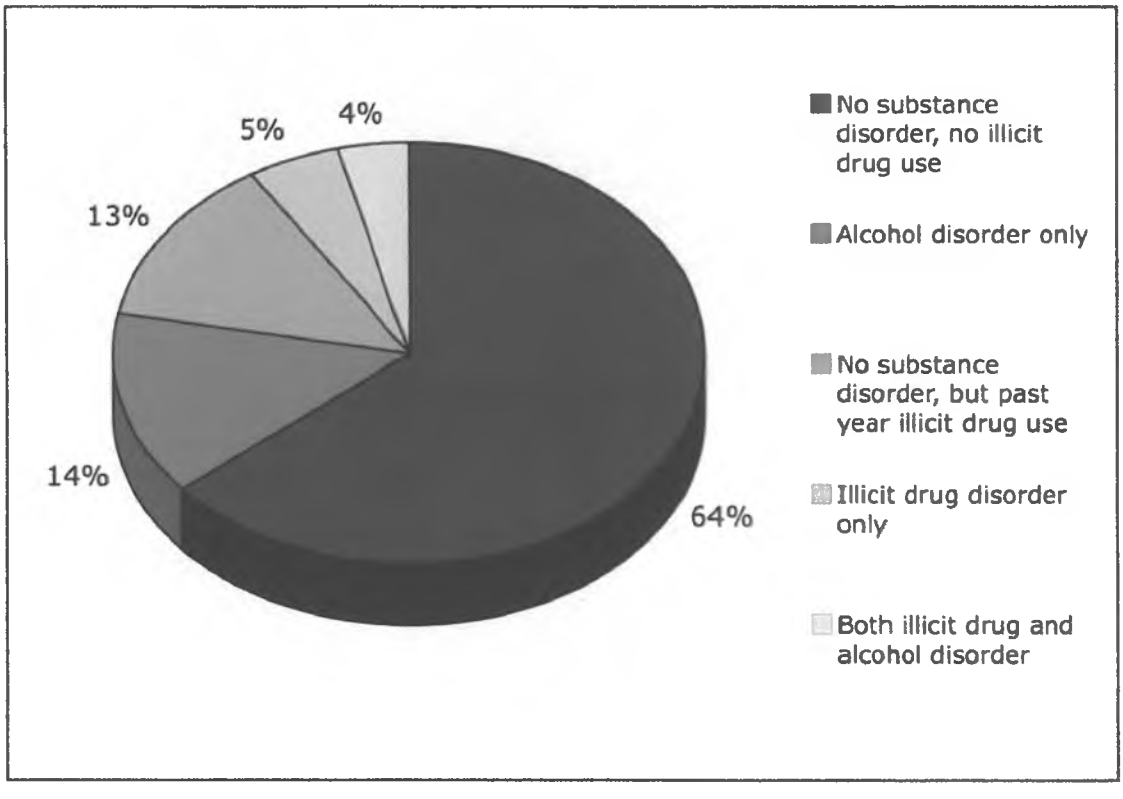
This data clearly shows that serious mental illness is much more likely to occur among the drug and/or alcohol dependent population. Likewise, among the population of adult Americans who experience serious mental illness, significant percentages of individuals are likely to have a drug and/or alcohol dependency or abuse. Of 17.5 million adults aged 18 or older who experienced SMI in 2002, 14 percent had an alcohol disorder only, 13 percent had no substance abuse disorder but had nevertheless used illicit drugs in the past year, 5 percent had an illicit drug disorder only, and another 5 percent had both illicit drug and alcohol disorders. In total, 46 percent of the population with SMI had drug or alcohol disorders or abuse, alone or in combination (see Figure 6.)

Figure 5
Serious Mental Illness among Adults Aged 18 or Older, by Substance Dependence or Abuse, 2002



Source: SAMHSA, Office of Applied Studies, National Survey on Drug Use and Health, 2002.

Figure 6
Substance Use Disorder Among Adults With Serious Mental Illness, 2002



Source: SAMHSA, Office of Applied Studies, National Survey on Drug Use and Health, 2002.

These data clearly show that there is a strong correlation between alcohol and or substance dependence and serious mental illness.

The analysis of the use of treatment services for either SMI or for substance dependence in the SAMHSA report revealed interesting trends in the treatment services accessed by affected individuals. Individuals with SMI only, and no substance abuse disorder, were most likely (48 percent) to receive mental health treatment. Among those individuals with SMI and substance dependence, 46 percent received only mental health treatment, while 14 percent received only specialty substance use treatment. Only 12 percent received treatment for both SMI and a substance abuse disorder. In addition, adults with SMI co-occurring with illicit drug dependence or abuse were more likely to receive mental health treatment (54 percent) than those adults who had SMI co-occurring with alcohol dependence or abuse (43 percent).

Adults who had co-occurring SMI and substance dependence or abuse were more likely to receive specialty substance use treatment than adults with substance disorders but no SMI (14 versus 5 percent).

In 1999, the Gallup Organization conducted a household telephone survey in Alaska and determined that 9.7 percent of the population aged 18 and over abused or was dependent on alcohol. Applying this percentage to the 2002 adult population in Alaska of 448,000 would result in an estimated 43,500 alcohol dependent adults in that year. Based on the co-occurrence rates presented in the SAMHSA (2002) study, this means an estimated 8,300 Alaskans had co-occurring alcohol dependence or abuse and serious mental illness in 2002. However, the Gallup survey did not assess the percentage of Alaskans whose alcohol dependence was accompanied by illicit drug dependence or abuse. It is reasonable to assume that some of the 8,300 alcohol dependent Alaskans also had illicit drug dependence or abuse. The prevalence of SMI among adults with both alcohol dependence and illicit drug use is significantly higher (30 percent versus 19 percent for alcohol only), so it is likely that the number of Alaskan adults with co-occurring SMI and alcohol and/or illicit drug dependence or abuse is even higher.

Bring the Kids Home Initiative

Like adults, children and youth experience co-occurring mental and substance abuse disorders. According to the SAMHSA Report to Congress, 2002, researches have found a link between substance abuse disorders and behavioral and mental/emotional disorders in youth. The 2001 National Household Survey on Drug Abuse found that 26 percent of 12 to 17-year-olds who had used illicit drugs in the past year had also received treatment or counseling for behavioral or mental health issues. This compared to only 16 percent of youths who had not used illicit drugs (SAMHSA, 2002).

In Alaska, there are a limited number of residential mental health treatment facilities for children and youth. When children and youth need intensive mental health treatment they often must travel to facilities outside of the state. However, according to the Alaska Division of Behavioral Health and the Mental Health Trust Authority, out-of-state treatment may not be as beneficial as services delivered close to home. Possible disadvantages of out-of-state services may include less therapeutic benefit for children and their families, longer lengths of stay and higher risk of readmission, and transitional difficulties.

To address the high rates of out-of-state institutionalization, the State of Alaska launched the "Bring the Kids Home Initiative" to support the development of in-state infrastructure and treatment opportunities for youth and children. Since the program inception in late 2004, several steps have been taken to position the state to achieve these goals. Three workgroups have been established, including one that is working to identify means to support the establishment of services and service providers in Alaska and one that is identifying ways to support the development of a treatment professional workforce. A third work group, made up of three mental health clinicians, reviews the cases of children who are under consideration for out-of-state treatment, and tries to redirect cases within the state whenever clinically possible and appropriate.

Prior to the launch of the BTKH initiative, Alaska had seen a stark increase in the number of children in out-of-state residential psychiatric treatment centers (RPTCs). There was a 200 percent increase in the number of children covered by Medicaid who received treatment in an out-of-state RPTC from 2000 to 2004. This was accompanied by a 280 percent increase in the cost of those services, from $9.9 million in 2000 to $37.8 million in 2004.

Preliminary fiscal year 2005 data, however, shows that more children were able to receive treatment in Alaska facilities. The number of children receiving services in out-of-state treatment facilities through Medicaid decreased from the previous year, and the percentage of Alaskan children receiving treatment services in-state rose to 29 percent from 22 percent the previous year. In addition, 71 children who were in out-of-state facilities have been transferred to treatment facilities within Alaska since the program inception. Additionally, there was a drop in out-of-state spending on RPTC care.

Table 21
Medicaid Residential Treatment Care Expenditures,
State Fiscal Years 2001 to 2005

	SFY01	SFY02	SFY03	SFY04	SFY05 preliminary
In-State	8,243,000	9,230,000	10,093,000	11,532,000	12,659,000
Out-of-State	17,609,000	21,752,000	30,915,000	37,794,000	34,044,000
Total	**$25,852,000**	**$30,982,000**	**$41,008,000**	**$49,326,000**	**$46,703,000**

Source: Division of Behavioral Health, "Bring the Kids Home Indicators: Baseline Data State Fiscal Years 1998-2004," May 2005; and "Bring the Kids Home Indicators: SFY05 Supplemental Data—Preliminary," August 2005.
Note: Claims for state fiscal year 2005 are still being processed; final numbers will likely be higher.

While the state continues to process insurance claims for FY05 treatment services, HSS staff indicated that the trends reflected in the preliminary data are likely representative of overall change. While expenditures for the program were modest in FY05 ($100,000), HSS staff said awareness of the BTKH initiative in the treatment community likely drove some of the shift toward Alaska-based treatment. The BTKH initiative has a budget of $2.4 million for FY06.

Needy Alaskans who qualify for public assistance receive cash and food stamps and other social services from the state. A portion of the public assistance expenditures can be attributed to alcohol and other drug abuse. As noted earlier in the report, alcohol and other drug dependence can result in reduced income, trouble finding and holding a job, or even a disability, all of which may qualify the individual for public assistance. This chapter looks briefly at the economic costs of alcohol and other drug abuse-related public assistance.

Methodology

Different methods were used to estimate the costs of alcohol and drug abuse-related public assistance at the state and federal levels. At both levels, only administrative costs of programs were considered as public assistance payments are a redistribution of income and not an actual cost to society.

At the federal level, there are two sources of public assistance costs. The first is former Supplemental Security Income (SSI) and Old Age, Survivors, and Disability Insurance (OASDI) recipients. National administrative cost figures were used to estimate the Alaska-specific portion of the federal programs, using the assumption that costs were proportional to the number of recipients. NIDA/NIAAA (1998) attribution rates were used to estimate the proportion of total costs that are attributable to drug and alcohol abuse. For SSI and OASDI recipients, 1.7 percent of the cases were related to alcohol and other drug abuse.

At the state level, public assistance programs include the Alaska Temporary Assistance Program (ATAP) and food stamp programs, and other programs such as energy assistance and child care assistance. Again, NIDA/NIAAA (1998) attribution rates were used to estimate the cost attributable to substance abuse.

For ATAP and other state programs, 4.1 percent of the cases were related. Because Alaska's dependency rates are more than twice national rates, attribution rates published in the NIDA/NIAAA (1998) study likely provide a conservative estimate of Alaska's true administration costs from public assistance. However, the lack of Alaska attribution rates for alcohol and other drug abuse-related public assistance necessitates the use of these national attribution rates published in the NIDA/NIAAA study.

Results

Administration costs from alcohol and other drug abuse-related public assistance was approximately $4.1 million in Alaska during 2003. The largest contributor was administration of payments for Alaska Temporary Assistance Program, food stamps and other state-administered assistance programs at $4.0 million, while administrative costs from former OASDI and SSI recipients totaled $170,000.

The cost of underage drinking in Alaska is a component of many of the alcohol and drug abuse-related costs already identified in this study. However, it is informative to examine specifically underage drinking costs, to place such costs in perspective relative to overall costs associated with alcohol and other drug abuse in Alaska.

This study did not include research focused on underage drinking costs. However, data from other sources is available. The Pacific Institute for Research and Evaluation (PIRE) has produced national and state-level estimates of the cost of underage drinking. PIRE data indicates that medical care costs and loss of work costs in Alaska totaled $128 million in 2001. PIRE also placed "pain and suffering" costs at $353 million. The following table provides more detail on specific sources of underage drinking costs in Alaska.

Table 22
Costs of Underage Drinking in Alaska, by Problem, 2001

	Total Costs (in millions)
Youth Violence	$329.7
Youth Traffic Crashes	77.7
High-Risk Sex, Ages 14-20	13.9
Youth Property Crime	7.6
Youth Injury	26.9
Poisonings and Psychoses	2.6
FAS Among Mothers Age 15-20	3.3
Youth Alcohol Treatment	18.9
TOTAL	$480.7

Source: Pacific Institute for Research and Evaluation (PIRE), March 2004. Posted at http://www.udetc.org/UnderageDrinkingCosts.asp

As indicated above, many of these costs have been captured in other sections of this report. The largest component of underage drinking costs, as measured by PIRE, are pain and suffering-related costs, which are not addressed at all (for adults or youth) in this report. While it is likely that some of the direct medical and work loss costs identified in the PIRE study are not reflected in this report, the potential for double-counting is high, therefore none of the costs reported in Table 22 are added to the grand total costs related to alcohol and drug abuse in Alaska, as measured in this study. Research beyond the scope of this study would be required to identify specific components of costs reported in the PIRE report that are not captured in the McDowell Group report.

Although this report concentrates on quantifying the costs of alcohol and other drug abuse, there are some measurable economic benefits associated with the sale of alcohol. The most obvious benefit is employment. Jobs related to alcohol sales include manufacturing, wholesale trade and retail trade. Alcohol excise tax revenues go into Alaska's unrestricted general-fund budget. Other benefits, including indirect employment impacts from alcohol manufacturing and sales, are more difficult to measure and beyond the scope of this study. Earnings from these jobs help employ other residents who are not directly linked to the alcohol industry.

This chapter looks briefly at the direct employment benefits from the alcohol industry and discusses the excise tax collected from the sale of alcohol beverages.

Methodology

To measure the employment and earnings related to manufacturing and sales of alcohol, the research team relied on data published in the 2003 Employment and Earnings Report by Alaska Department of Labor and Workforce Development, Research and Analysis Division. Employment and earnings data was collected for the following industries:

- Breweries & Wineries (NAICS 31212, 31213)
- Wholesale trade for beer, wine, and distilled beverages (NAICS 4248)
- Beer, Wine, Liquor stores (NAICS 4453)
- Drinking places, Alcoholic (NAICS 7224)

Total tax revenue collected in FY2004 from the sale of alcohol beverages was published in the Tax Division Annual Report of Division Operations, by the Alaska Department of Revenue. Per gallon tax rates on alcoholic beverages were increased, on October 1, 2002, from $0.35 to $1.07 for beer, $0.85 to $2.50 for wine and $5.60 to $12.80 for liquor. As of that same date, 50 percent of the revenue is deposited in the Alcohol and Other Drug Abuse Treatment and Prevention Fund.

Results

Table 22 presents employment and earnings for alcohol-related commerce and manufacturing industries in Alaska during 2003. Total employment related to the sale of alcoholic beverages in Alaska was approximately 3,000 jobs with earnings of $62 million. Drinking establishments accounted for the most employment at approximately 1,800 jobs with $26 million in payroll.

Table 23
Employment and Earnings for Alcohol-Related Industries in Alaska, 2003

Industry	Employment	Earnings (millions)
Breweries and Wineries	90	$3.0
Wholesale trade	413	17.1
Retail trade: Liquor stores	672	15.9
Retail trade: Drinking places	1,815	25.8
Total	**2,990**	**$61.8**

Source: 2003 Employment and Earnings Report, Alaska Department of Labor and Workforce Development, Research and Analysis Division.

Total tax revenue collected from the sale of alcohol beverages in Alaska was $32.7 million during FY 2004. This includes $14.1 million collected on sales of 1.1 million gallons of liquor, $4.3 million collected on sales of 1.7 million gallons of wine, and $14.3 million collected on sales of 14.7 million gallons of beer. Contributions of unrestricted revenue to the General Fund totaled $16.4 million, with an equal amount contributed to the fund for alcohol and drug abuse treatment programs.

LIST OF REFERENCES

Alaska Advisory Board on Alcoholism and Drug Abuse. *Annual Report, 1999, Finding the Answers to Tough Questions about Substance Abuse in Alaska*. Juneau, AK, 1999.

Alaska Department of Corrections, Division of Administration Services. *2003 Offender Profile.* Juneau, AK. 2004.

Alaska Department of Health and Social Services, Division of Behavioral Health. *Bring the Kids Home Indicators: Baseline Data State Ficsal Years 1998-2004.* Juneau, AK, May 20, 2005.

Alaska Department of Health and Social Services, Division of Behavioral Health. *Bring the Kids Home Indicators: SFY05 Supplemental Data – Preliminary.* Juneau, AK, August 4, 2005.

Alaska Department of Health and Social Services, Division of Public Health, Section of Epidemiology. *HIV Infection in Alaska, 2003*. Anchorage, AK, April 15, 2004.

Alaska Department of Health and Social Services, Division of Public Health, Bureau of Vital Statistics, Deaths by cause, data request from Mike Matthews, Juneau, AK. 2005.

Alaska Department of Health and Social Services, Division of Public Health, Section of Epidemiology. *2003 Annual (January-December) Infectious Disease Report.* Anchorage, AK, April 12, 2004.

Alaska Department of Health and Social Services, Office of Fetal Alcohol Syndrome, *Alaska's Comprehensive FAS Project Five Year Goal*, July 2002. Available from www.hss.state.ak.us/fas/AKfiveyrgoal/printable.htm.

Alaska Department of Labor and Workforce Development, Research and Analysis Section.

Alaska Department of Labor and Workforce Development, Research and Analysis Section. *Age, Race, and Sex, July 1, 2003.* Available from http://almis.labor.state.ak.us/.

Alaska Department of Public Safety. *Crime Reported in Alaska 2003*. Anchorage, AK, 2004.

Alaska Department of Revenue, Oil & Gas Audit Division. *Fall 1999 Revenue Sources Book.* Anchorage, AK, December 1999.

Alaska Department of Transportation and Public Facilities, Division of Statewide Planning. *2002 Alaska Traffic Collisions.* Juneau, AK, September 2004.

Alaska Judicial Council. *Final Report of the Alaska Criminal Justice Assessment Commission.* Anchorage, AK, May 2000.

American Chamber of Commerce Research Association. *ACCRA Cost of Living Index Fourth Quarter 2003.* Arlington, VA, 2004.

Blincoe, Lawrence. *The Economic Cost of Motor Vehicle Crashes, 1994*. U.S. Department of Transportation, National Highway Traffic Safety Administration. Washington, DC, 1994.

Centers for Disease Control and Prevention, *Tracking Fetal Alcohol Syndrome*, April 2005. www.cdc.gov/ncbddd/fas/fassurv.htm

Hadland, Jeff. *The Gender Gap in Earnings*. Alaska Economic Trends, Juneau, AK, October 2001.

Jeanne Reid *et al. No Safe Haven: Children of Substance-Abusing Parents*. National Center on Addiction and Substance Abuse at Columbia University, 1999.

Kaiser, Paul. Alaska Department of Health and Social Services, Division of Alcoholism and Drug Abuse. Personal communication on estimates for alcohol and drug abuse treatment costs during 1999. Juneau, AK. August 2001.

National Institute on Drug Abuse and National Institute on Alcohol Abuse and Alcoholism. *The Economic Costs of Alcohol and Drug Abuse in the US, 1992*. Washington, DC, 1998. Available from http://www.drugabuse.gov/EconomicCosts/Index.html.

National Organization on Fetal Alcohol Syndrome, *What is FAS/FASD?*, 2004. Available from www.nofas.org/faqs.aspx?id=9

National Organization on Fetal Alcohol Syndrome, *What Are the Statistics and Facts about FAS and FASD?* Available from www.nofas.org/faqs.aspx?id=12

Rice, Dorothy, Sander Kelman, Leonard Miller, and Sarah Dunmeyer. *The Economic Costs of Alcohol and Drug Abuse and Mental Illness: 1985*. Report submitted to the Alcohol, Drug Abuse, and Mental Health Administration, U.S. Department of Health and Human Services. Washington, DC, 1990.

Rice, Dorothy. Personal communication on estimates for present value of expected lifetime productivity for 1999.

The Robert Wood Johnson Foundation. Substance Abuse, *The Nation's Number One Health Problem*. Princeton, NJ, February 2001.

U.S. Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis. Gross State Product, 1992-99, *Survey of Current Business*. Washington, DC, August 2001.

U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administratio, Fetal Alcohol Spectrum Disorders Center for Excellence. *The Language of Fetal Alcohol Spectrum Disorders*, May 2004. Available from www.ngchealth.com/gov/samhsa/fasd/pdf/WYNKLanguageFASD2.pdf

U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, Office of Applied Studies. *State Estimates of Substance Use from the 2002-2003 National Surveys on Drug Use & Health.* Available from www.oas.samhsa.gov/ nhsda.htm

U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, Office of Applied Studies. *Serious Mental Illness and Its Co-Occurrence with Substance Abuse Disorders, 2002*. Rockville, MD, June 2004.

U.S. Department of Labor, Bureau of Labor Statistics. [CPI for U.S. from 1992 to 2003]. Unpublished raw data.

U.S. Department of Transportation, National Highway Transportation Safety Administration, *The Economic Cost of Motor Vehicle Crashes, 2000*, May 2002.

Alaska Wine & Spirits Wholesalers Association

March 19, 2012

Dear Alaska Legislators:

The Alaska Wine and Spirits Wholesalers Association (AWSWA) and Alaska Cabaret, Hotel, Restaurant & Retailers Association (CHARR) support depositing 100 percent of the receipts from the existing Alcoholic Beverage Tax into the Alcohol and Other Drug Abuse Treatment and Prevention Fund, and request that these funds be allocated into the budget to provide additional treatment services rather than supplanting current services.

Currently, only half of the revenue from the existing alcohol tax is used for substance abuse treatment and prevention. Alaska consistently ranks among the top five states for alcohol and drug dependence. Alaskans who seek treatment must be able to find and enter into treatment programs. There are far too few options available, and when someone needs help they often face long wait times. Substance abuse treatment services continue to be underfunded statewide, leaving individuals to continue the costly and tragic cycle of addiction.

According to the Federation of Tax Administrators, Alaska's alcohol tax is 3.5 to 4 times the national average which means Alaska has one of the highest excise tax rates on alcohol in the nation. These taxes produce over 38 million dollars annually, but sadly the majority of this tax revenue is not used to combat the problems related to the abuse and misuse of alcohol.

Alaska's hospitality industry pays the state government its fair share in taxes, and we support the use of this revenue to provide cost-effective, readily available treatment. Alaska CHARR and AWSWA respectfully requests that you support SB221, to ensure 100 percent of the existing alcohol tax revenue goes towards substance abuse treatment.

Sincerely,

Don Grasse, President, K&L Distributors

Joel Kadarauch, VP, Odom Corporation

Dale G. Fox, CAE, President & CEO, Alaska CHARR

Nine Star Enterprises

Education and Employment Services
"We Develop Alaska's Workforce!"

March 9, 2012

716 W. 4th Ave. Ste. 500
Anchorage AK 99501-2133
Attention to: Senator Johnny Ellis

Dear Members of the Senate Finance Committee,

Thank you for introducing Senate Bill 221 to allocate 100 percent of existing alcohol tax revenue to the Alcohol and Other Drug Abuse Treatment and Prevention Fund (ADTP). In 2002, State Representative Lisa Murkowski championed HB225 to raise the alcoholic beverage tax and establish the ADTP to help provide much-needed revenue for expanded substance abuse treatment and diversion programs. Since 2003, only half of the funds collected from the existing alcohol tax have been appropriated to the ADTP. While the political reasoning for the fund was to expand treatment, decreases in general fund spending have left overall funding for substance abuse treatment and prevention reduced or stagnant.

Despite the increasing need for more substance abuse treatment and prevention, these programs are historically underfunded. Providers throughout the state report treatment beds are full to capacity, long waiting lists exist for services they offer, and there are numerous requests for services they can't provide. According to the Federation of Tax Administrators, Alaska's alcohol tax is 3.5 to 4 times the national average which means Alaska has one of the highest excise tax rates on alcohol in the nation. These taxes produce over 38 million dollars annually, but sadly the majority of this tax revenue is not used to combat the problems related to the abuse and misuse of alcohol.

Alaska consistently ranks among the top 5 states for alcohol and drug dependence. Not only does substance abuse have an extreme economic impact on the state, estimated at $738 million annually in health care costs, traffic crashes, criminal justice and public assistance, substance abuse is a reportedly a factor in 85% of sexual assault and domestic violence cases, and a contributing factor in 70% of child abuse and neglect cases. We cannot continue to ignore the substance abuse epidemic in Alaska.

The Governor should be commended for his Choose Respect initiative. Senate Bill 221 is the logical next step. We can't stop the scourge of sexual assault and domestic violence without addressing the underlying issue of alcoholism and drug abuse. With a small statutory change, all monies collected from alcohol taxes can be put toward proven substance abuse treatment and prevention programs. The time to act is now.

Thank you for your leadership on this crucial issue. Sincerely,

David S. Alexander, President
Nine Star Education and Employment Services

Partners For Progress
1326 K Street
Anchorage, AK 99501
Ph: (907) 272-2119
Fax: (907) 272-2893
www.partnersforprogressak.org

Subject: Senate Bill 221

March 15, 2012

Dear Members of the Senate Finance Committee:

At our March 15, 2012 meeting, the Board of Directors of Partners for Progress discussed Senate Bill 221. We voted unanimously to support this bill.

Since 1999 Partners for Progress has been closely involved in the work of Alaska's Legislature, Administration, and the Court System to identify "Smart Justice" measures that better protect the public while reducing the human and monetary costs of incarceration. This year's Legislative Crime Summit highlighted a number of tested and proven measures that achieve this goal. Most involve substance abuse prevention and treatment.

Prevention and treatment of substance abuse is at the core of "Smart Justice". Providing additional funding to address the scourge of alcohol and drug abuse that underlies much of the crime in Alaska is an essential step towards curbing Alaska's ever-growing costs of incarceration while improving public protection. We urge your support for Senate Bill 221.

Respectfully,

Janet McCabe

Janet McCabe,
Chair, Partners for Progress

Nine Star Enterprises

Education and Employment Services
"We Develop Alaska's Workforce!"

March 9, 2012

716 W. 4th Ave. Ste. 500
Anchorage AK 99501-2133
Attention to: Senator Johnny Ellis

Dear Members of the Senate Finance Committee,

Thank you for introducing Senate Bill 221 to allocate 100 percent of existing alcohol tax revenue to the Alcohol and Other Drug Abuse Treatment and Prevention Fund (ADTP). In 2002, State Representative Lisa Murkowski championed HB225 to raise the alcoholic beverage tax and establish the ADTP to help provide much-needed revenue for expanded substance abuse treatment and diversion programs. Since 2003, only half of the funds collected from the existing alcohol tax have been appropriated to the ADTP. While the political reasoning for the fund was to expand treatment, decreases in general fund spending have left overall funding for substance abuse treatment and prevention reduced or stagnant.

Despite the increasing need for more substance abuse treatment and prevention, these programs are historically underfunded. Providers throughout the state report treatment beds are full to capacity, long waiting lists exist for services they offer, and there are numerous requests for services they can't provide. According to the Federation of Tax Administrators, Alaska's alcohol tax is 3.5 to 4 times the national average which means Alaska has one of the highest excise tax rates on alcohol in the nation. These taxes produce over 38 million dollars annually, but sadly the majority of this tax revenue is not used to combat the problems related to the abuse and misuse of alcohol.

Alaska consistently ranks among the top 5 states for alcohol and drug dependence. Not only does substance abuse have an extreme economic impact on the state, estimated at $738 million annually in health care costs, traffic crashes, criminal justice and public assistance, substance abuse is a reportedly a factor in 85% of sexual assault and domestic violence cases, and a contributing factor in 70% of child abuse and neglect cases. We cannot continue to ignore the substance abuse epidemic in Alaska.

The Governor should be commended for his Choose Respect initiative. Senate Bill 221 is the logical next step. We can't stop the scourge of sexual assault and domestic violence without addressing the underlying issue of alcoholism and drug abuse. With a small statutory change, all monies collected from alcohol taxes can be put toward proven substance abuse treatment and prevention programs. The time to act is now.

Thank you for your leadership on this crucial issue. Sincerely,

David S. Alexander, President
Nine Star Education and Employment Services

730 I Street • Anchorage, AK 99501• (907) 279-7827 Phone • (907) 279-3299 Fax

Partners For Progress
1326 K Street
Anchorage, AK 99501
Ph: (907) 272-2119
Fax: (907) 272-2893
www.partnersforprogressak.org

Subject: Senate Bill 221

March 15, 2012

Dear Members of the Senate Finance Committee:

At our March 15, 2012 meeting, the Board of Directors of Partners for Progress discussed Senate Bill 221. We voted unanimously to support this bill.

Since 1999 Partners for Progress has been closely involved in the work of Alaska's Legislature, Administration, and the Court System to identify "Smart Justice" measures that better protect the public while reducing the human and monetary costs of incarceration. This year's Legislative Crime Summit highlighted a number of tested and proven measures that achieve this goal. Most involve substance abuse prevention and treatment.

Prevention and treatment of substance abuse is at the core of "Smart Justice". Providing additional funding to address the scourge of alcohol and drug abuse that underlies much of the crime in Alaska is an essential step towards curbing Alaska's ever-growing costs of incarceration while improving public protection. We urge your support for Senate Bill 221.

Respectfully,

Janet McCabe

Janet McCabe,
Chair, Partners for Progress

Advisory Board on Alcoholism and Drug Abuse

abada amhb

Alaska Mental Health Board

ALASKA MENTAL HEALTH BOARD
ADVISORY BOARD ON ALCOHOLISM AND DRUG ABUSE
431 NORTH FRANKLIN STREET, SUITE 200
JUNEAU, ALASKA 99801
(907) 465-8920

March 16, 2012

Senator Johnny Ellis
Alaska State Capitol, Room 103
Juneau, Alaska 99801

Re: Letter of Support for SB 221

Dear Senator Ellis,

The Alaska Mental Health Board and Advisory Board on Alcoholism and Drug Abuse support SB 221, a bill to ensure that the revenue from our state's alcohol taxes is used to prevent and treat substance abuse. We appreciate your work, and that of the Senate Finance Committee, to address this issue.

Our Boards have long held the position that funds available from the alcohol tax were intended to supplement and not supplant existing general fund (GF) monies for behavioral health. The legislative intent of the alcohol tax was clearly to supplement existing funding for behavioral health services. This is clear from then state Representative Lisa Murkowski's sponsor statement: the alcohol tax fund "would help provide revenue needed for the expanded treatment, therapeutic courts, diversion programs and other initiatives" then being considered by the Legislature.

Alaska consistently ranks among the states with the highest rates of binge drinking.[1] Indigenous Americans report higher rates of alcohol dependence than other ethnicities in America.[2] Alaska's alcohol taxes produce over $38 million annually. Only half of the revenue from the existing alcohol tax is expressly allocated for substance abuse treatment and prevention.

Our concern is that funds from the alcohol tax fund have been used instead of GF dollars rather than in addition to GF dollars. The result is that substance abuse treatment services continue to be underfunded statewide, leaving individuals to continue the costly and tragic cycle of addiction.

---

[1] "Prevalence of Binge Drinking Among Adults, 2010," Centers for Disease Prevention and Control *citing* Behavior Risk Factor Surveillance System data (geographic representation of state rates available online at http://www.cdc.gov/alcohol/data-stats.htm).

[2] *The NSDUH Report*, "Alcohol Dependence or Abuse: 2002, 2003, 2004" (Issue 16, 2006) (online at http://www.samhsa.gov/data/2k6/alcDepend/alcDepend.htm).

In 2005, the Advisory Board on Alcoholism and Drug Abuse published findings on the economic costs of alcoholism and other drug abuse in Alaska:

- $367 million due to productivity loss in the workplace;
- $154 million on criminal justice and protective services;
- $178 million on health care;
- $35 million on traffic crashes; and
- $4 million for public assistance.[3]

Accessible and effective community-based alcohol and drug treatment is essential to reducing society's financial burden from problems associated with alcohol and drug abuse. Even beyond helping to alleviate the enormous physical and psychological costs, access to treatment and recovery supports diminishes the huge financial consequences imposed on employers and taxpayers.

Our board members expressly support the effort to ensure that 100 percent of Alaska's alcohol tax revenue goes to substance abuse treatment and prevention programs. We appreciate your work to improve access to these important services – for the health of all our neighbors and our communities.

Sincerely,

J. Kate Burkhart
Executive Director

cc: Robert Coghill, Jr., Chairman ABADA
Dan Meddleton, Chairman AMHB

[3] *Economic Costs of Alcohol and Other Drug Abuse in Alaska, 2005 Update*, McDowell Group Research-Based Consulting (December 2005) at 2-4 (available online at http://www.hss.state.ak.us/abada/).

ALASKA FEDERATION
OF NATIVES

March 16th, 2012

The Honorable Senate Finance Committee
State Capitol Building, Room 532
Juneau, Alaska 99801

Dear Senate Finance Committee Members,

On behalf of the Alaska Federation of Natives we would like to state our support for Senate Bill 221 to allocate 100 percent of the money collected by the existing alcohol tax to the Alcohol and Other Drug Abuse Treatment and Prevention Fund. It is clear that you recognize the negative effect of alcohol and drug addiction on the health and safety of Alaska Natives and you are actively seeking solutions that will reduce that impact.

We advocate for this bill on behalf of our membership wishes for a healthy future for all of Alaska. AFN represents 230 villages, through themselves or the 11 Regional Non-profits, and 12 Regional ANSCA corporations that are also members.

Senate Bill 221 is in alignment with AFN's commitment to ensuring healthier Alaska Natives. Many of the health challenges facing Alaska Natives are tied to behavioral health conditions; chief among these is substance abuse.

- 1 in 11 Alaska Native deaths is alcohol-induced
- Alcohol was the fourth leading cause of death from 1993 to 2002 (Alaska Bureau of Vital Statistics)
- Alcohol contributed to 85% of reported domestic violence cases and 80% of reported sexual assault cases between 2000-2003 (ISER, Status of Alaska Native Report, 2004)

Senate Bill 221 will help us fulfill our mission by allocating nearly 40 million dollars for substance abuse treatment and prevention services statewide. These programs continue to be underfunded leaving desperate individuals to continue the costly and tragic cycle of addiction.

Should you have any questions about our position, please feel free to contact me at (907) 274-3611.

1577 C Street, Suite 300 • Anchorage, Alaska 99501 • tel 907.274.3611 • fax 907.276.7989 • www.nativefederation.org

Sincerely,

Julie Kitka

Julie Kitka, President

Alaska Federation of Natives

1577 C Street, Suite 300 • Anchorage, Alaska 99501 • tel 907.274.3611 • fax 907.276.7989 • www.nativefederation.org

Catholic
Social Services

3710 East 20th Avenue, Anchorage, AK 99508 • (907) 222-7300 • Fax (907) 258-1091 • www.cssalaska.org

March 19, 2012

Senator Hoffman, Finance Committee Co-chair
State Capitol Room #518
Juneau, AK 99801

Senator Stedman, Finance Committee Co-chair
State Capitol Room # 516
Juneau, AK 99801

RE: **SB 221 – An Act relating to the disposition of proceeds from the alcoholic beverage tax and to the alcohol and other drug abuse treatment and prevention fund.**

Dear Senators Hoffman, Stedman and members of the Finance Committee,

Catholic Social Services (CSS) is writing in strong support of Senate Bill 221. As one of the largest social service agencies in Alaska, we see first-hand the devastating impact of alcohol and drug abuse. CSS operates eight multi-faceted programs including two emergency homeless shelters, a home for teens, a food pantry, supportive housing, an adoption and pregnancy support program, services for individuals with disabilities, and a refugee resettlement & immigration program. During fiscal year 2011, CSS served 20,317 clients in Alaska.

Alcoholism and drug abuse are inextricably linked to Alaska's epidemic levels of domestic violence and sexual assault, suicide, child neglect cases, and rising corrections costs. According to a 2005 McDowell report, costs incurred as a result of substance abuse neared $738 million annually. With a small statutory change, all monies collected from alcohol taxes can be put toward proven substance abuse treatment and prevention programs.

I strongly urge you to join in support of SB 221 to allocate 100 percent of existing alcohol tax revenue to substance abuse treatment and prevention.

Sincerely,

Susan H. Bomalaski, Ph.D., LPC
Executive Director

Cc: Sen. Finance Committee: Senator Olson, Senator Egan, Senator Thomas, Senator Ellis, Senator McGuire
Sen. Health & Social Services Committee: Senator Davis (chair), Senator Meyer, Senator Dyson, Senator Ellis, Senator Egan

Providing Help
Creating Hope

COA
Council on Accreditation
Founded 1977

Submitted by: ASSEMBLY MEMBER FLYNN
Prepared by: Assembly Counsel
For reading: December 13, 2011

CLERK'S OFFICE
APPROVED
Date: 12-13-11

ANCHORAGE, ALASKA
AR NO. 2011–347

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY IN SUPPORT OF ALLOCATING 100 PERCENT OF THE EXISTING ALCOHOLIC BEVERAGE TAX RECEIPTS TO FUND ADDITIONAL TREATMENT SERVICES IN RECOGNITION OF THE OVERWHELMING UNMET DEMAND FOR SUBSTANCE ABUSE TREATMENT IN ALASKA.

WHEREAS alcohol and drug abuse are an epidemic in Alaska; and

WHEREAS Alaska consistently ranks among the top five states for alcohol and drug dependence; and

WHEREAS Alaska ranks eighth nationally for the percentage of people ages 18 years and older who need but do not receive treatment for illicit drug use; and

WHEREAS alcohol is a factor in an estimated 85 percent of reported cases of domestic violence and 80 percent of sexual assaults; and

WHEREAS the 2005 Advisory Board on Alcohol and Drug Abuse through the Alaska Department of Health and Social Services found that the economic costs of alcoholism and other drugs in Alaska annually include $367 million due to productivity loss in the workplace, $154 million on criminal justice and productive services, $178 million on health care, $35 million on traffic crashes, and $4 million for public assistance; and

WHEREAS Treatment has been shown to have a benefit-cost ratio of 7:1, and the largest savings are due to reduced cost of crime and increased employer earnings; and

WHEREAS according to the latest federal Substance Abuse and Mental Health Services Administration (SAMHSA) reports, between 43,000 and 57,000 Alaskans age 12 or over abused or were dependent on alcohol or an illicit drug; and

WHEREAS under AS 43.60.050 (a), 50% of the taxes collected under the Alcoholic Beverage Tax (43.60.010) are deposited in the Alcohol and Other Drug Abuse Treatment and Prevention Fund; and

WHEREAS Alaska is projected to collect nearly $40 million in total existing alcohol tax receipts for Fiscal Year 2012; and

WHEREAS, there is an overwhelming unmet demand for substance abuse treatment in Alaska; and

WHEREAS tax monies collected from the sale of alcohol should be used to prevent and treat substance abuse; and

WHEREAS the Cabaret, Hotel, Restaurant & Retailers Association, Alaska Wine and Spirit Wholesalers, social service organizations, treatment providers, and faith-based organizations support increasing funds for substance abuse treatment in Alaska;

NOW THEREFORE BE IT RESOLVED that the Anchorage Assembly, in recognition of the overwhelming unmet demand for substance abuse treatment in Alaska, supports allocating 100 percent of the receipts from the existing Alcoholic Beverage Tax to fund additional substance abuse treatment services in Alaska, rather than supplanting current funding for the limited services presently available.

PASSED AND APPROVED by the Anchorage Assembly this 13th day of December, 2011.

Debbie Ossiander
Chair

ATTEST:

Barbara S. Jones
Municipal Clerk

ANCHORAGE
CHARR
CABARET, HOTEL, RESTAURANT & RETAILERS ASSOCIATION

December 6, 2011

Dear Assembly Members;

The Anchorage Cabaret, Hotel, Restaurant & Retailers Association (CHARR) supports depositing 100 percent of the receipts from the existing Alcoholic Beverage Tax into the Alcohol and Other Drug Abuse Treatment and Prevention Fund, and requests that these funds be allocated into the budget to provide additional treatment services rather than supplanting current services.

Currently, only half of the revenue from the existing alcohol tax is used for substance abuse treatment and prevention. Alaska consistently ranks among the top five states for alcohol and drug dependence. Alaskans who seek treatment must be able to find and enter into treatment programs. There are far too few options available, and when someone needs help they often face long wait times. Substance abuse treatment services continue to be underfunded statewide, leaving individuals to continue the costly and tragic cycle of addiction.

According to the Federation of Tax Administrators, Alaska's alcohol tax is 3.5 to 4 times the national average which means Alaska has one of the highest excise tax rates on alcohol in the nation. These taxes produce over 38 million dollars annually, but sadly the majority of this tax revenue is not used to combat the problems related to the abuse and misuse of alcohol.

Alaska's hospitality industry pays the state government its fair share in taxes, and we support the use of this revenue to provide cost-effective, evidence based and readily available treatment. Anchorage CHARR respectfully requests that you support this effort, and take action to ensure 100 percent of the existing alcohol tax revenue goes towards substance abuse treatment.

Sincerely,

S. Villamides

Silvia Villamides, executive director

SEARHC
SouthEast Alaska Regional Health Consortium

Behavioral Health Division
Gunaanastí / Déilee Hít
222 Tongass Drive
Sitka, Alaska 99835

Dear Members of the Senate Finance Committee,

Thank you for introducing Senate Bill 221 to allocate 100 percent of existing alcohol tax revenue to the Alcohol and Other Drug Abuse Treatment and Prevention Fund (ADTP). In 2002, State Representative Lisa Murkowski championed HB225 to raise the alcoholic beverage tax and establish the ADTP to help provide much-needed revenue for expanded substance abuse treatment and diversion programs. Since 2003, only half of the funds collected from the existing alcohol tax have been appropriated to the ADTP. While the political reasoning for the fund was to expand treatment, decreases in general fund spending have left overall funding for substance abuse treatment and prevention reduced or stagnant.

Despite the increasing need for more substance abuse treatment and prevention, these programs are historically underfunded. Providers throughout the state report treatment beds are full to capacity, long waiting lists exist for services they offer, and there are numerous requests for services they can't provide. According to the Federation of Tax Administrators, Alaska's alcohol tax is 3.5 to 4 times the national average which means Alaska has one of the highest excise tax rates on alcohol in the nation. These taxes produce over 38 million dollars annually, but sadly the majority of this tax revenue is not used to combat the problems related to the abuse and misuse of alcohol.

Alaska consistently ranks among the top 5 states for alcohol and drug dependence. Not only does substance abuse have an extreme economic impact on the state, estimated at $738 million annually in health care costs, traffic crashes, criminal justice and public assistance, substance abuse is a reportedly a factor in 85% of sexual assault and domestic violence cases, and a contributing factor in 70% of child abuse and neglect cases. We cannot continue to ignore the substance abuse epidemic in Alaska.

The Governor should be commended for his Choose Respect initiative. Senate Bill 221 is the logical next step. We can't stop the scourge of sexual assault and domestic violence without addressing the underlying issue of alcoholism and drug abuse. With a small statutory change, all monies collected from alcohol taxes can be put toward proven substance abuse treatment and prevention programs. The time to act is now.

Thank you for your leadership on this crucial issue.

Stewart Pook MBA ADM
Program Manager
Bill Brady Healing Center / Deilee Hit Safe Harbor House TX Centers
SEARHC
Sitka, AK 99835

2/20/12
Date

The TRUST

The Alaska Mental Health Trust Authority

March 16, 2012

Senator Hoffman, Finance Committee Co-chair
State capitol Room #518
Juneau, AK 99801

Senator Stedman, Finance Committee Co-chair
State capitol Room #516
Juneau, AK 99801

RE: **SB 221** – Allocation of 100 percent of existing alcohol tax revenue to the Alcohol and Other Drug Abuse Treatment and Prevention Fund (ADTP)

Dear Senators Hoffman, Stedman and members of the Finance Committee,

The Alaska Mental Health Trust Authority (The Trust) is writing in strong support of **Senate Bill 221**. This bill would allocate 100 percent of existing alcohol tax revenue to the Alcohol and Other Drug Abuse Treatment and Prevention (ADTP) fund.

Sadly, Alaska consistently ranks among the top five states for alcohol and drug dependence. In addition, many of Alaska's social ills can be linked back to substance abuse. For example, substance abuse is a reportedly a factor in 85% of sexual assault and domestic violence cases, and in 70% of child abuse and neglect cases. Furthermore, the economic impact on Alaska from substance abuse is estimated at $738 million annually in health care costs, traffic crashes, criminal justice, public assistance and lost productivity.

In an effort to ensure Alaska had revenue for substance abuse prevention strategies and treatment programs, then State Representative Lisa Murkowski, championed HB225 to raise the alcoholic beverage tax and establish the ADTP fund to generate needed revenue for these programs and services. Unfortunately, since 2003, only 50 percent of the funds collected from the existing alcohol tax have been appropriated to the ADTP fund.

The Trust and its partners have been and continue to be steadfast advocates for ensuring Alaska's continuum of health care is sufficient to help those with addictions find a path to recovery. Unfortunately, Alaskans' access to evidence based substance abuse treatment is severely limited. If these additional ADTP funds were used to supplement rather than supplant the General Funds currently used for these services, they would go a long way to helping individual Alaskans and improving the health and wellness of our state.

The Trust strongly supports SB221 and thanks the Senate Finance Committee for their leadership in helping Alaskans suffering from addiction find their path to recovery.

Sincerely,

Jeff Jessee, CEO

Cc: **Sen. Finance Committee:** Senator Olson, Senator Egan, Senator Thomas, Senator Ellis, Senator McGuire
Sen. Health & Social Services Committee: Senator Davis (chair), Senator Meyer, Senator Dyson, Senator Ellis, Senator Egan

MAT-SU HEALTH FOUNDATION

950 E. Bogard Road, Suite 218 • Wasilla, AK 99654
Phone: (907) 352-2863 • Fax: (907) 352-2865
www.matsuhealthfoundation.org

March 28, 2012

Senator Johnny Ellis
Alaska State Capitol, Room 103
Juneau, AK 99801

RE: Mat-Su Health Foundation support for SB 221

Dear Senator Ellis:

Mat-Su Health Foundation (MSHF) is the official business name of Valley Hospital Association, Inc., which shares ownership in Mat-Su Regional Medical Center. MSHF invests its assets into charitable works to improve the health and wellness of Alaskans living in Mat-Su. MSHF has identified substance abuse as a focus area for our philanthropic work and is a member of the Mat-Su Substance Abuse Prevention Coalition and a funder of Recover AK. Both of these coalitions are concentrating on reducing and preventing alcohol abuse.

According to the Center for Disease Control's Behavior Risk Factor Surveillance System data for AK over the last decade, adult binge drinking rates have ranged from 16 to 19% and proportion of heavy drinkers from four to seven percent. These stats contribute to one of the highest state rates of alcohol dependence in the nation. These rates impact Alaska's suicide, domestic violence, child abuse, sexual assault, motor vehicle crash, and crime rates as well as contribute to lost productivity for employers. According to the 2005 report from the Advisory Board on Alcoholism and Drug Abuse, the economic impact on Alaska from substance abuse is estimated at $738 million annually in health care costs, traffic crashes, criminal justice, public assistance and lost productivity.

Representative Lisa Murkowski's sponsor statement for the state alcohol tax explained that the fund "would help provide revenue needed for the expanded treatment, therapeutic courts, diversion programs and other initiatives." Whereas the legislative intent of the tax is clear, only 50% of the collected funds have been applied to treatment, prevention and other efforts related to alcohol abuse.

Taxing alcohol is an environmental strategy to reduce consumption. Applying 100% of these tax revenues for additional environmental strategies to reduce the misuse and abuse of alcohol will help more Alaskan families to enjoy greater quality of life; more Alaskan children to thrive in their homes and schools; and Alaska businesses to enjoy more productivity and income.

The MSHF Board of Directors supports SB 221, which would allocate 100 percent of existing alcohol tax revenue to the Alcohol and Other Drug Abuse Treatment and Prevention (ADTP) fund. We commend your efforts to advance this cause and your help in creating a healthier Alaska.

Sincerely,

Elizabeth Ripley

Elizabeth Ripley
Executive Director
Mat-Su Health Foundation

PO Box 92580, Anchorage, AK 99509

ALASKA ADDICTION PROFESSIONALS ASSN

March 28, 2012

Dear Members of the Senate Finance Committee,

Thank you for introducing Senate Bill 221 to allocate 100 percent of existing alcohol tax revenue to the Alcohol and Other Drug Abuse Treatment and Prevention Fund (ADTP). In 2002, State Representative Lisa Murkowski championed HB225 to raise the alcoholic beverage tax and establish the ADTP to help provide much-needed revenue for expanded substance abuse treatment and diversion programs. Our association, then known as the Substance Abuse Directors Association (SADA), vigorously supported that legislation and its intent. Since 2003, only half of the funds collected from the existing alcohol tax have been appropriated to the ADTP. While the political reasoning for the fund was to expand treatment, decreases in general fund spending have left overall funding for substance abuse treatment and prevention reduced or stagnant. Our providers have experienced higher costs to provide services but have not seen the significant gain in funding to keep pace with the price of doing business. The overall effect has been a loss of treatment capacity and reduction in the number of services available for those who suffer the ravages of addiction.

Despite the increasing need for more substance abuse treatment and prevention, these programs are historically underfunded. Providers throughout the state report that treatment beds are full to capacity, long waiting lists exist for services they offer, and there are numerous requests for services they cannot provide. According to the Federation of Tax Administrators, Alaska's alcohol tax is 3.5 to 4 times the national average, which means Alaska has one of the highest excise tax rates on alcohol in the nation. These taxes produce over 38 million dollars annually, but sadly, the majority of this tax revenue is not used to combat the problems related to the abuse and misuse of alcohol.

Alaska consistently ranks among the top five states for alcohol and drug dependence. Not only does substance abuse have an extreme economic impact on the state, estimated at $738 million annually in health care costs, traffic crashes, criminal justice and public assistance, substance abuse is a reportedly a factor in 85% of sexual assault and domestic violence cases, and a contributing factor in 70% of child abuse and neglect cases. We cannot continue to ignore the

Email: sada@ak.net Phone: 907-242-6638 Fax: 1-866-252-8824

PO Box 92580, Anchorage, AK 99509

substance abuse epidemic in Alaska. The economic toll in communities from untreated addiction to alcohol and other drugs can be seen in high health care costs from individuals seeking help in emergency rooms. These costs are also seen in legal and corrections costs to serve offenders with drug and alcohol related crimes, families torn apart and children sent to OCS custody… For every $1 spent in treatment services, $7 is saved (UCLA, 2007) in related cost to our state and communities.

The Governor should be commended for his Choose Respect initiative. Senate Bill 221 is the logical next step. We cannot stop the scourge of sexual assault and domestic violence without addressing the underlying issue of alcoholism and drug abuse. With a small statutory change, all monies collected from alcohol taxes can be put toward proven substance abuse treatment and prevention programs. The time to act is now.

Thank you for your leadership on this crucial issue.

Respectfully,

Anna K. Sappah
Executive Director
Alaska Addiction Professionals Association

Email: sada@ak.net Phone: 907-242-6638 Fax: 1-866-252-8824