

## State Opioid Taxes: Economic & Health Policy Implications



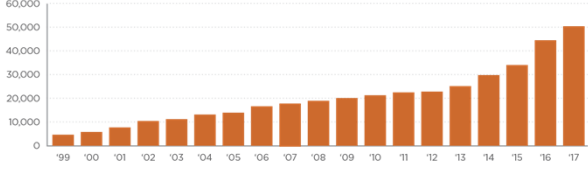
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## Current State of the Opioid Epidemic



- An estimated 130 people die every day in the U.S. from an opioid overdose
- More than two-thirds of U.S. drug overdose deaths in 2017 were related to opioids
- From 1999 to 2017, opioid overdose deaths in the United States increased six-fold

### U.S. Opioid-Related Deaths, 1999–2017

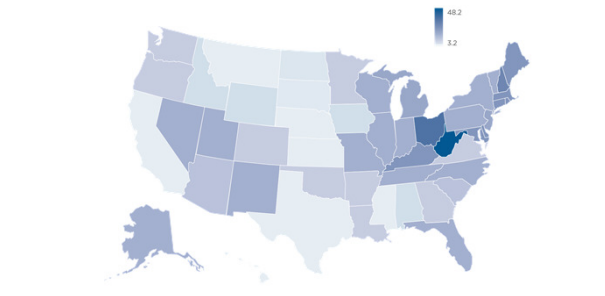


Source: CDC WONDER Multiple Cause of Death database.

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## State Opioid-Related Death Rates per 100,000 (2017)

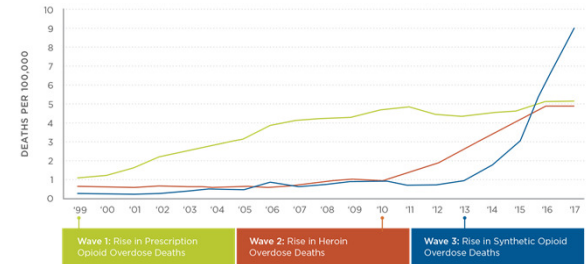


Source: CDC WONDER Multiple Cause of Death database.

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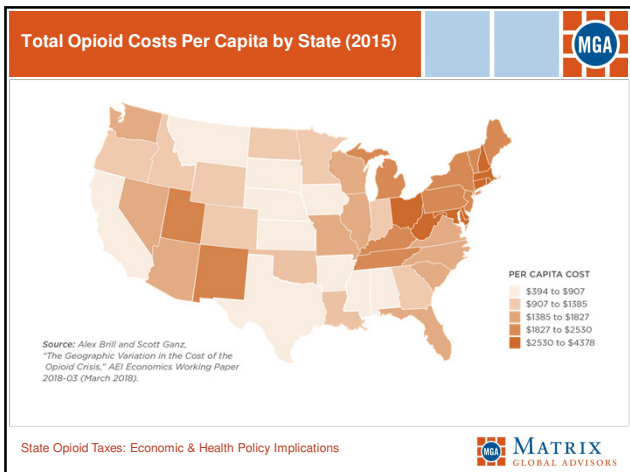
## Three Waves in Opioid Overdose Deaths



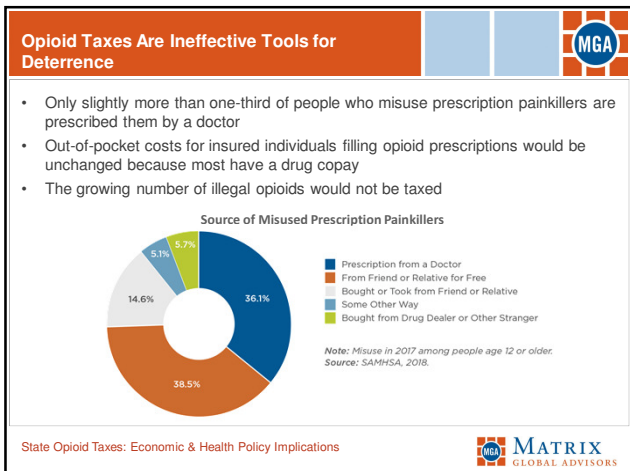
Source: CDC, "Understanding the Epidemic," [www.cdc.gov/drugoverdose/epidemic/index.html](http://www.cdc.gov/drugoverdose/epidemic/index.html) (updated December 19, 2018).

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- ### State Opioid Tax Proposals
- Opioid taxes – intended to deter opioid use and/or defray the cost of states' responses – were proposed in at least fifteen states in 2018
    - New York State's 2018 opioid tax, recently ruled unconstitutional, would have taxed manufacturers and distributors based on their share of opioid products sold in the state, retroactive to 2017
    - Other proposals have mimicked New York or levied tax per dose, per pill, or per morphine milligram equivalent
  - These tax-based approaches, while offering a certain political appeal, are ineffective tools for deterrence and would have unintended consequences
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- ### Opioid Taxes Would Have Unintended Consequences
- Health insurers would first bear the tax and would pass the cost to all beneficiaries as higher insurance premiums
  - Should out-of-pocket costs for prescription opioids somehow rise as a result of a tax:
    - Those abusing opioids would be driven toward illegal substitutes
    - Those using prescription opioids appropriately would be penalized
  - If manufacturers and distributors are unable to raise prices, they may depart or not enter the market
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**More Effective Strategies to Combat Opioids** 

- **For those suffering from opioid addiction:**
  - Affordable access to treatment programs and other related strategies
- **To finance the cost of opioid addiction treatment programs:**
  - Instead of a novel, narrow, and ineffective excise tax on prescription opioids, broad-based income or consumption taxes or spending cuts
- **States efforts should complement federal efforts**
  - SUPPORT Act will improve care through Medicaid, Medicare, and changes at FDA
  - \$1 billion in funding awarded from HHS to states in 2018
- **Heroin and fentanyl present additional challenges**

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