An Economic Analysis of SB17-082

Senate Bill 17-082 moves the authority to regulate methadone treatment facilities from the Department of Human Service to the Department of Public Health. In addition, this bill sets requirements for minimum distances that a methadone treatment facility can be from a school, college, residential childcare facility, and public park. The bill will also set new requirements for the reporting of infractions including excessive counselor caseloads, inadequate treatment plans, and lack of accounting for all controlled substances. The bill provides a mandate for the Department of Public Health to develop further regulations for treatment facilities.

Opioid use in America is at an all-time high, with overdoses killing over 27,000 people every year (Nolan & Amico, 2016). The increase is largely blamed on the threefold increase in pain medication prescriptions issued from 1991 to 2011 (Nolan & Amico, 2016). For individuals addicted to opioid drugs, such as heroin or prescription pain killers, withdrawing from regular use can be extremely difficult. The pain associated with withdrawal is so intense that it can stop drug users from getting the care they need (Roberts, 2009). To address this challenge, methadone is used as part of the rehabilitation process. Methadone blocks the effects of opioids on the brain, thereby reducing cravings and withdrawal symptoms (Roberts, 2009).

Methadone treatment facilities are health care centers that specialize in providing opioid addiction recovery programs on a for-profit basis (Roberts, 2009). Many receive funding from the state or federal government to support their programs and are therefore incentivized to keep patients engaged in the program. Just like visiting a regular doctor, patients at treatment facilities must undergo an examination before being issued a prescription for methadone (Roberts, 2009). But unlike most prescriptions, the methadone must be consumed

inside the facility. Therefore, addicts undergoing treatment must visit the facility every day (Roberts, 2009). It takes about a year on methadone for patients to be free of their opioid addiction. Most addicts will not successfully complete treatment the first time and often end up returning for multiple rounds of treatment (Roberts, 2009).

The location of methadone treatment facilities has long been a topic of debate due to their presence as a hub for addicted individuals (Keiger, 2016). Individuals seeking to remove treatment facilities from their community cite evidence of increased crime and questionable activity in the vicinity of methadone treatment facilities (Keiger, 2016). Disturbances to the community by patrons of a treatment facility affect the community's well-being and would be therefore be considered a non-pecuniary externality.

The government should intervene and rectify situations where non-pecuniary externalities exist. This paper will explore the effectiveness of the methods proposed by the bill to address these externalities. First, the effect of limitations on treatment facility location will be addressed. Second, the extent of externalities related to treatment facilities will be examined. Finally, the new framework for the issuance and revocation of a treatment facility license will be reviewed.

Opioid users tend to be concentrated geographically in areas where drugs are most readily available (Brownstein, Green, Cassidy, & Butler, 2010). Take Craig, Colorado as an example. In 2006, High Country Medical opened in the town. The clinic had a liberal attitude toward prescription pain medications and helped kick off the city's drug problem by issuing numerous prescriptions (Blankenbuehler, 2017).

High Country Medical is gone now, but the drug addicts are not. Craig is a town that would benefit tremendously from a treatment facility (Blankenbuehler, 2017). But, if this law were implemented it would make it nearly impossible to establish a treatment center in Craig. The town's numerous schools, parks, and child care facilities are distributed evenly enough that a treatment facility could not be establish anywhere in the city ("Google Maps," n.d.). Many rural Colorado cities would face the same challenge. Patients seeking care would be required to come to a larger city like Denver or Colorado Springs simply to receive care.

It is important that treatment facilities have the flexibility to be located where they are needed most. Restricting the locations of methadone treatment facilities to the point that a facility cannot be established in a town does the public and users seeking help a disservice. By restricting the location of facilities, fewer individuals will be able to access the care they need. This will only contribute to the drug problem.

The location restriction created by the bill seeks to eliminate an externality by limiting the contact methadone treatment facility patients can have on some community facilities like schools, child care centers, and parks. The presence of an externality in this case hinges on the assumption that treatment facility patrons cause a reduction in the well-being of community members who live and work nearby. There is little evidence to suggest that it does.

A 2016 study from the Johns Hopkins School of Public Health evaluated data related to crime around methadone treatment facilities (Furr-Holden et al., 2016). They compared this data to crime data from similar liquor and convenience stores. The researchers found violent crime occurred 25% more frequently around liquor and corner stores as compared to methadone treatment centers (Furr-Holden et al., 2016). They also found that liquor and

convenience stores were more often the target of robbery then were methadone treatment facilities (Furr-Holden et al., 2016).

While the concept of drug abusers conjures up images of poor vagrants, opioid use is evenly distributed among all socioeconomic classes in America (Nolan & Amico, 2016). Given this even distribution and the fact that 95% of Americans own a car, it is likely most patients will arrive at a treatment facility in a vehicle ("Does Everyone in America Own a Car?," 2010). In doing so, their contact with other patients or with community members is limited to the distance between their car and the building, a distance that is unlikely to exceed 100 feet. This is ten times shorter than the restriction imposed by the bill.

Should this bill be passed, regulations regarding the location of a methadone treatment facility should be removed. It is not within the scope of government to add regulations that rectify non-existent externalities. Such action results in unnecessary regulation and contributes to market imperfections.

This bill will also establish new regulations for methadone treatment facilities. When treatment facilities do not follow proper protocol for patient treatment, a situation that could threaten patient and community well-being is created. This bill seeks to mitigate this problem by outlining three infractions that entities looking to obtain a license must report on. Most agencies that operate treatment centers do so in multiple states, so any infraction committed in any existing facility must be reported. The infractions specified by the bill include excessive counselor caseloads, inadequate treatment plans for clients, and failure to fully account for controlled substances. Committing an infraction while operating a facility could result in revocation of the license.

The extraordinarily vague language used in the bill makes it difficult to ascertain what effect these requirements will have. For example, nowhere is it noted what “excessive counselor caseloads” means. The bill does give the Department of Public Health authority to regulate standards for existing facilities, but given that the infractions apply to entities seeking a license, it is unclear what the standard will be and who will set it.

Further, this bill assumes that any entity seeking to open a treatment facility operates one already. It does not address how an entity that does not operate other treatment facilities would be evaluated when seeking a license. Presumably it would be easier for an entity with no record and no experience in treatment facilities to obtain a license than for one with a single infraction on its record.

In its current form, this bill needs a substantial number of amendments. The component of the bill concerning the proximity of a methadone treatment facility to a school, college, residential child care facility, and public park should be eliminated altogether as it serves no purpose. The section regarding the handling of infractions needs to be reevaluated as it lacks clear language and will only contribute to confusion over what the bill regulates.

Due to the substantial number of flaws that manifest in this bill’s approach to dealing with methadone treatment facilities, it should not be passed into law. Further analysis of the actual problem and methods for addressing it effectively need to be conducted. Regulation of facilities is important, but only in so much that a regulation corrects non-pecuniary externalities. Excessive and confusing regulations are detrimental to business and the economy.

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