State Opioid Taxes:
Economic & Health Policy Implications

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- 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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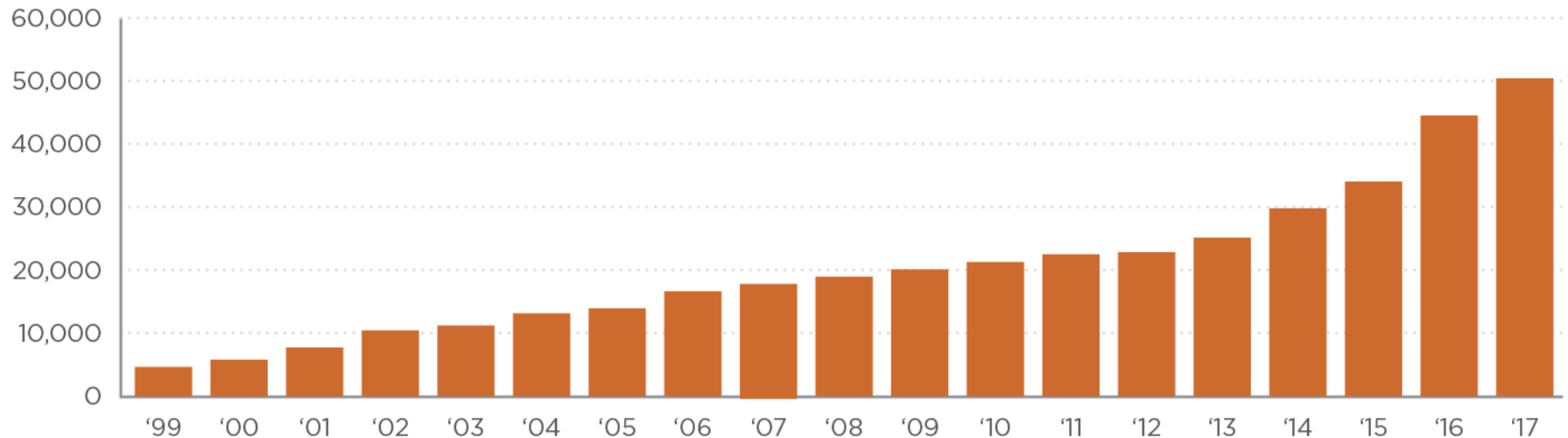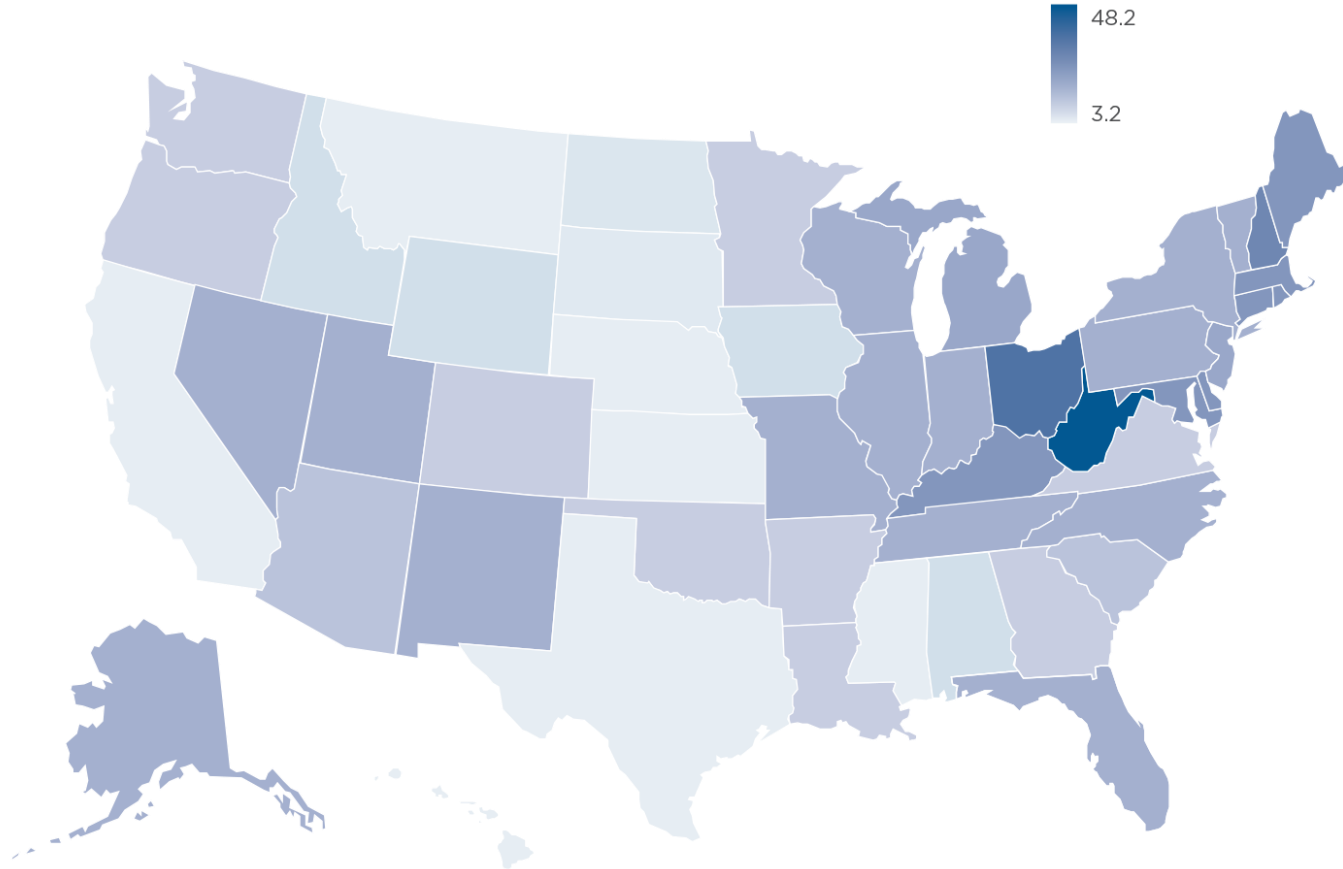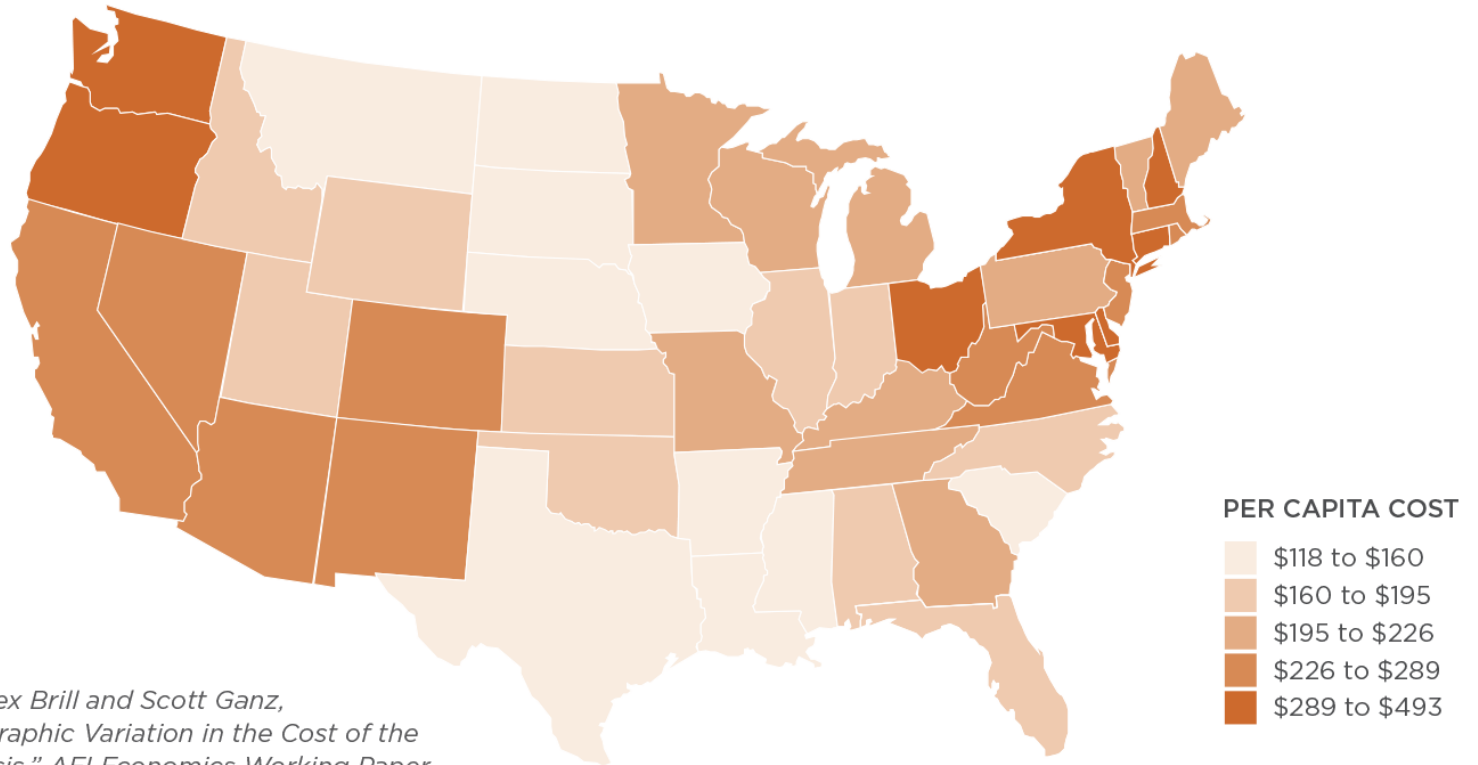
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Non-Mortality Opioid Costs Per Capita by State (2015)

MGA

PER CAPITA COST

- $118 to $160
- $160 to $195
- $195 to $226
- $226 to $289
- $289 to $493

*Source: Alex Brill and Scott Ganz,
"The Geographic Variation in the Cost of the
Opioid Crisis," AEI Economics Working Paper
2018-03 (March 2018).*

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Three Waves in Opioid Overdose Deaths

DEATHS PER 100,000

Wave 1: Rise in Prescription Opioid Overdose Deaths

Wave 2: Rise in Heroin Overdose Deaths

Wave 3: Rise in Synthetic Opioid Overdose Deaths
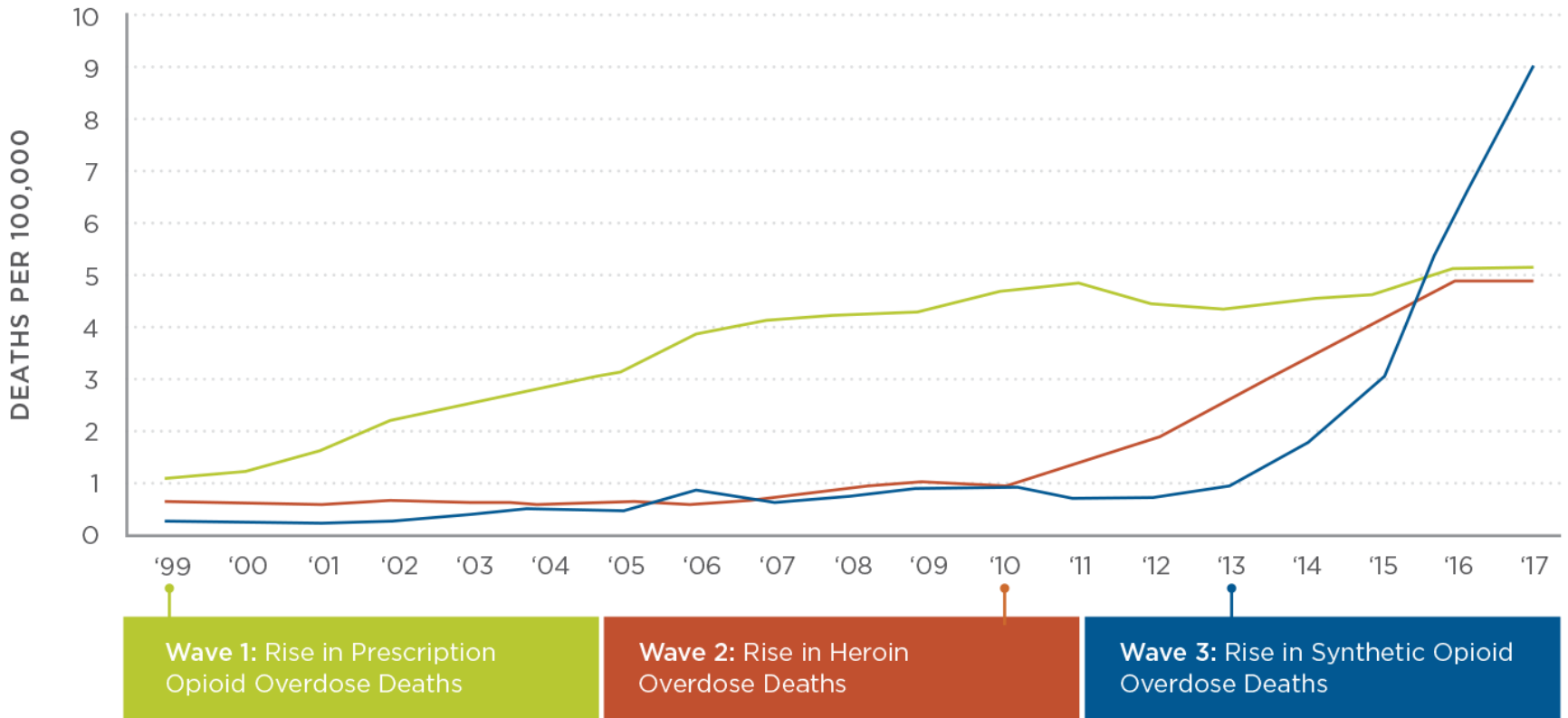
Source: CDC, "Understanding the Epidemic," www.cdc.gov/drugoverdose/epidemic/index.html (updated December 19, 2018).

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- The opioid prescribing rate has been steadily falling since 2012
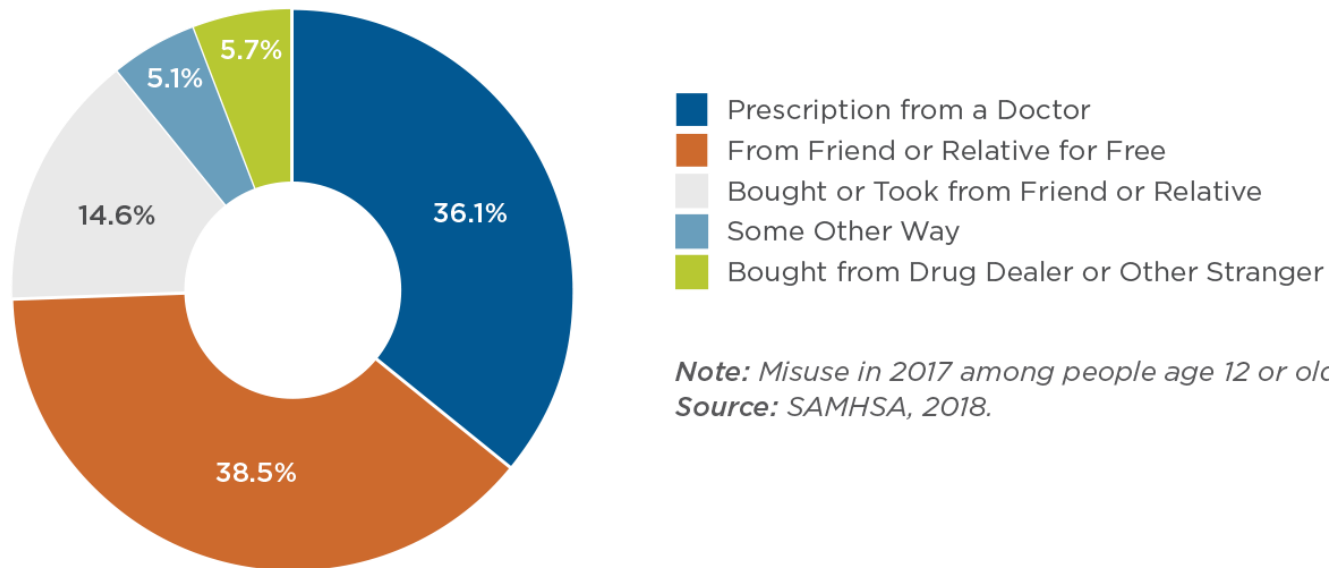- Between 2012 and 2017, the prescribing rate dropped more than 25%

U.S. Opioid Prescribing Rate, 2006–2017
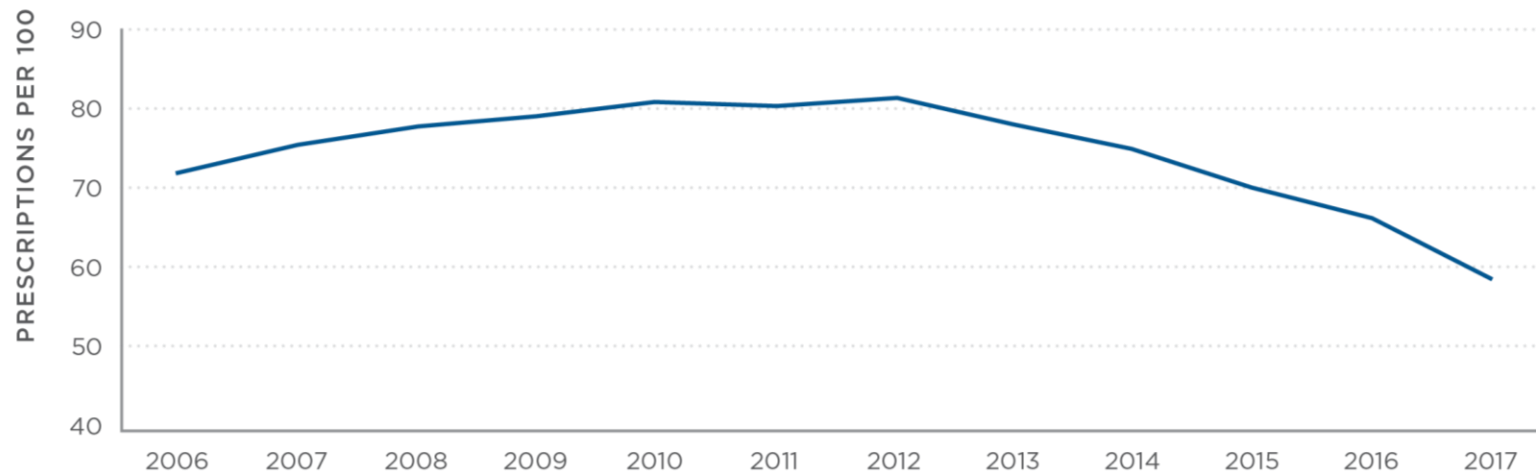
Source: CDC, U.S. Opioid Prescribing Rate Maps, www.cdc.gov/drugoverdose/maps/rxrate-maps.html (updated October 3, 2018).

- Only slightly more than one-third of people who misuse prescription painkillers are prescribed them by a doctor

- Out-of-pocket costs for insured individuals filling opioid prescriptions would be unchanged because most have a drug copay

- The growing number of illegal opioids would not be taxed

Source of Misused Prescription Painkillers

5.7%

5.1%

5.7%

14.6%

36.1%

38.5%

- Prescription from a Doctor
- From Friend or Relative for Free
- Bought or Took from Friend or Relative
- Some Other Way
- Bought from Drug Dealer or Other Stranger

Note: Misuse in 2017 among people age 12 or older.
Source: SAMHSA, 2018.

- 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:

  o Those abusing opioids would be driven toward illegal substitutes

  o 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