NCPG
National Council on Problem Gambling

April 9, 2014

Dear Chairman Gearan and Acting Executive Director Williams:

Thank you for the opportunity to testify at the Forum on Problem Gambling. Gambling has benefits but also has well documented negative consequences. Problem gambling, like other diseases of addiction, will likely never be eliminated, but we can and must make better efforts to mitigate the damage. The most ethical and cost-effective response to gambling addiction is a comprehensive public health approach.

Approximately 1.6% or 244,000 adults in New York met criteria for gambling addiction in 2013. High-risk groups include males (prevalence of problem gambling in men has been found to be 2-3 times higher than in women) and racial/ethnic minorities including African-American, Asian and Native Americans; individuals with a family history of gambling (elevated rates of problem and pathological gambling have been found in twins of males with gambling problems); veterans and individuals with disabilities. An estimated 5% of kids between the ages of 12-17 meet criteria for a gambling problem. These adolescents are twice as likely to binge drink and to use illegal drugs and three times more likely to be involved with gangs, fights and police. In addition, student behavior surveys have consistently shown that gambling participation is correlated to increases in all known risk factors and decreases in all known protective factors related to substance use and antisocial behaviors. In addition to those adults and adolescents presenting with the disorder, millions of spouses, children, parents, family members, employers and neighbors are negatively impacted by gambling addiction.

Gambling addiction is significantly correlated with other problematic behavior in adults and adolescents, including substance use and mental health issues. Adult problem gamblers are generally five times more likely to have co-occurring alcohol dependence, four times more likely to abuse drugs, three times more likely to be depressed, eight times more likely to have bipolar disorder, three times more likely to experience an anxiety disorder and have significantly elevated rates of tachycardia, angina, cirrhosis. Approximately 20% of members of Gamblers Anonymous and individuals in treatment for pathological gambling have attempted suicide. Individuals with problem and pathological gambling, compared with other gamblers and non-gamblers, had higher rates of receipt of past-year unemployment and welfare benefits, bankruptcy, arrest, incarceration, divorce, poor or fair physical health, and mental health treatment. The estimated social cost to families and communities from problem gambling-related bankruptcy, divorce, crime and job loss was almost $7 billion last year, of which approximately $244 million came from New York.

In 2013, New York ranked 27th out of the 50 U.S. states in terms of per-capita spending in problem gambling services. The average per capita allocation for problem gambling services in the 39 states with publicly funded services was 32 cents; New York's per

capita public investment was 11 cents.[1] As a result we believe New York does not have sufficient current capacity to adequately prevent and treat gambling addiction, much less to deal effectively with the ongoing massive expansion of gambling.

The issues the Commission has asked me to address are:

A. Expectations of problem gambling prevalence once commercial casinos open
B. Specific components of a casino applicant's problem gambling plan
C. Industry best practices for operators and regulators
D. The efficacy of policies in other commercial gaming jurisdictions
E. The efficacy of self-exclusion programs and how they could be improved

A. Expectations of problem gambling prevalence once commercial casinos open

Few jurisdictions have conducted adequate prevalence research pre- and post-gambling expansion. Maryland and Massachusetts have conducted baseline studies, and Massachusetts certainly has the most thorough research effort in place. The Expanded Gaming Act requires that the Commission establish an "annual research agenda" in order to understand the sociological and economic effects of expanded gaming in the Commonwealth. The Commission engaged a university research team to oversee, evaluate and perform a multi-year, multi-method, multi-disciplinary, multi-phase comprehensive research project.[2] We believe Massachusetts is a model of excellence and highly recommend their approach.

On the national level the best reference is the meta-analysis of prevalence studies conducted by Williams, Volberg & Stevens in 2012.[3] They conclude:

> In general, the evidence indicates that problem gambling rates started increasing in North America and Australia beginning in the late 1980s to early 1990s prior to achieving a peak in the late 1990s/early 2000s. This time interval is roughly coincident with the most rapid introduction and expansion of legal gambling opportunities in these countries (particularly electronic gambling machines (EGM) and casinos), the greatest increase in per capita gambling expenditure, and a significant increase in the overall rate of gambling participation.

However, the rates in the United States have been trending downward from the previous peak. Again, from the Williams report:

> Considering that gambling availability has steadily increased in most jurisdictions over the past 30 years, the present results provide support both to the contention that

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[1] *2013 National Survey of Problem Gambling Services.* Marotta, J., Bahan, M., Reynolds, A., Vander Linden, M., & Whyte, K. National Council on Problem Gambling. (2014)

[2] http://massgaming.com/about/research-agenda/

[3] *The Population Prevalence of Problem Gambling: Methodological Influences, Standardized Rates, Jurisdictional Differences, and Worldwide Trends.* Williams, R.J., Volberg, R.A. & Stevens, R.M.G. Report prepared for the Ontario Problem Gambling Research Centre and the Ontario Ministry of Health and Long Term Care. (2012)

> increased gambling availability is related to increased problem gambling, as well as the contention that populations tend to adapt over time. There are several mechanisms likely responsible for decreasing problem gambling prevalence. They include: a) increased population awareness of the potential harms of gambling (creating less susceptibility); b) decreased overall population participation in gambling (due to greater wariness as well as the novelty having worn off); c) people being removed from the population pool of problem gamblers due to severe adverse consequences deriving from their gambling (e.g., bankruptcy, suicide); d) increased industry and/or government efforts to provide gambling more safely, to enact programs to prevent problem gambling, and to provide treatment resources; and e) increasing age of the population.

It is extremely important to note that adaption is not necessarily inevitable and that it is accompanied by a significant amount of harm: "Many will pursue it [gambling] into the gates of prison, insanity or death."[4] One major defect of the Maryland approach is that the majority of problem gambling funds (except for the prevalence survey) were not allocated until after the casinos opened. Therefore there was little advance planning, workforce development or public awareness programming in place prior to expansion and thus a major opportunity was lost to intervene with individuals prior to initiation of gambling.

Recommendation 1: Fund comprehensive baseline prevalence research in advance of the new casinos and followup replication surveys.

Recommendation 2: The full range of problem gambling services (particularly prevention) must be funded in advance of expansion with the goal of minimizing any increase in gambling problems from the expansion of gambling.

B. Specific components of a casino applicant's problem gambling plan

The Pennsylvania Gaming Control Board has arguably developed the most extensive policy in this area. In particular, sections 501 and 503 provide a good model to enhance New York's provisions.[5] However, one limitation of the Pennsylvania policy is that the plan is not publically available, nor is it necessarily reviewed by individuals with experience in problem gambling and responsible gaming.

Recommendation 3: The applicant's initial problem gambling plan should be publicly available and evaluated by a problem gambling expert on behalf of the Commission.

C. Industry best practices for operators and regulators

In addition to the casino industry association's existing code of conduct, NYSGC should consider the World Lottery Association Responsible Gaming Framework, which is based on building relationships with external stakeholders as well as certification of responsible gaming programs through an independent audit.[6] It is also imperative that NYSGC develop in-house capacity to handle problem gambling and responsible gaming

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[4] *Yellow Book*. Gamblers Anonymous (September 2005)
[5] Title 58 Pa. Code Part VII
[6] *Responsible Gaming Framework Submission Guide*. World Lottery Association (2012)

issues. Again, the Massachusetts Gaming Commission has taken the lead by hiring a Director of Research and Problem Gambling with extensive experience in problem gambling issues. MGC recently released their Responsible Gaming Framework which will likely become best practice as well.[7]

As New York was one of the two states to seek Department of Justice approval to conduct internet gambling, it is important to discuss online responsible gaming.[8] NCPG reviewed current internet responsible gaming codes and regulations from around the world to develop our best practice Internet Responsible Gambling Standards and the related GRADE Consumer Protection Guidelines.[9][10] Delaware, New Jersey and Nevada have incorporated many of these recommendations into their internet gambling policies.[11] In general, the graphical and interactive structure of the internet provides an opportunity to create informed consumers with access to a variety of information designed to encourage safe choices and discourage unsafe behavior, including through setting personal limits and self-excluding. These programs can be improved by requiring operators to make de-identified play data (e.g., demographic, session, game and transaction data) publicly available. Analyzing actual player behavior leads to better understanding of gambling and problem gambling.

Recommendation 4: Licensees should be required to provide an annual problem gambling mitigation plan, including performance metrics. Emphasis should be placed on working with stakeholders in the health area. The plan should be reviewed and a report published annually. Performance should be independently evaluated by individuals with experience in gambling addiction issues.

Recommendation 5: The Commission should retain a senior-level staffer with experience in problem gambling/responsible gaming to oversee responsible gaming efforts.

Recommendation 6: Incorporate NCPG Internet Responsible Gambling Standards and GRADE Social Gaming Consumer Protection Guidelines into regulation.

D. The efficacy of policies in other commercial gaming jurisdictions

While the public health model is the most commonly adopted policy in other jurisdictions, few actually have committed the necessary attention and resources to implement such programs. Nor have many states developed a comprehensive

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[7] *Responsible Gaming Framework, Version 1*. Massachusetts Gaming Commission (March 3, 2014)
[8] *Memorandum for U.S. Assistant Attorney General Breuer re: Whether Proposals by Illinois and New York to Use Internet and Out-Of-State Transaction Processors to Sell Lottery Tickets To In-State Adults Would Violate the Wire Act.* U.S. Department of Justice (September 20, 2011)
[9] *Internet Responsible Gambling Standards*. National Council on Problem Gambling (April 12, 2011)
[10] *GRADE Social Games Consumer Protection Guidelines version 3*. National Council on Problem Gambling (October 21, 2013)
[11] *US Online Responsible Gambling Regulations: Delaware, Nevada and New Jersey*. GamblingCompliance. (January 2014)

statewide plan that includes all stakeholders. NCPG has developed PETERRR (Prevention, Education, Treatment, Enforcement, Research, Responsible Gaming & Recovery) to help guide stakeholders. Programs must address gender, racial, ethnic, cultural and socio-economic diversity, and should be evidence-based. The essential elements include:

Prevention

Preventing problem gambling in the first place is preferable to addressing the problem later through treatment and law enforcement. Although to date few problem gambling-specific prevention programs have been adequately evaluated, indications are promising and successful models from other addictive disorders may be adapted. In addition, age of onset for gambling seems to precede other risky behaviors such as smoking and drinking. Problem gambling, therefore, may be a "gateway" to other problems among youth. Also, prevention has important benefits to the overall health and welfare of youth by helping them reach adulthood without debilitating gambling problems.

Education

Americans must be educated about problem gambling as a serious public health issue. We recommend the "5 Knows" framework:

1. Know the health risks of choosing to gamble
2. Know what gambling is legal in your area
3. Know the how to gamble responsibly
4. Know the warning signs of gambling addiction
5. Know where to go to get help

If individuals choose to gamble, they should do so with an understanding of the rules of the games and a balanced assessment of the odds. In addition gamblers should receive education on potential consequences, including negative impacts on finances and health. Finally, information must be made available on warning signs of a gambling problem and where to find help for gambling problems.

Treatment

Gambling addiction exacts an enormous cost on individuals, families, businesses, and communities. The approximately 244,000 gamblers (plus their family members) in need of treatment each year contribute disproportionately to this problem. Without help, these adults will suffer from poor health, unstable family relations, devastating financial problems, and other negative consequences of this disorder. Helplines facilitate information and referral to services. Treatment must be available upon demand, and treatment providers must have problem gambling-specific training to competently care for problem gamblers and their families. The treatment system must have a full spectrum of services from brief interventions to outpatient to residential to inpatient treatment. The ultimate goal of treatment is to enable clients to improve functioning through sustained recovery.

Research clearly demonstrates that treatment works—it is both compassionate public policy and a sound investment.

Enforcement

Enforcement of existing gambling-related laws is an important, if often overlooked, means to combat illegal gambling and underage gambling, both of which breed problem gambling. Survey research shows that more than 75% of adolescents have gambled at least once in the past year. At least 30% bet on each of these four forms of gambling in the past year: lottery, sports, games of skill and non-casino card games. Almost all of these minors are gambling illegally. The industry and government must reduce the opportunities for youth to gamble illegally, and must close the loopholes in state and local law that allow minors to gamble. Exemptions for minors to gamble are unique and unparalleled in regulations of other controlled and/or addictive substances such as alcohol or tobacco.

Research

Research is the key to continually improving the effectiveness of every aspect of PETERRR efforts. In addition to program evaluation it is important to provide public access to de-identified data collected by the industry. Large datasets of actual player behavior may provide vital information to complement survey and other quantitative efforts. Social impact studies to measure the effect of current and expanded gambling on general and special populations are vital.

Responsible Gaming

Gambling operators must provide gambling in a responsible manner by facilitating informed player choice though corporate policy, staff training, limit setting, advertising standards, assisting players in crisis and facilitating self-exclusion. Safeguards also must be developed to ensure underage players are unable to access games.

Recovery

All stakeholders much provide supports to help individuals enter into and sustain their recovery. Includes prevention efforts to reduce risk factors of relapse, education to de-stigmatize addiction, treatment to address gambling and any co-occurring disorders, enforcement of exclusions, research into barriers to recovery, responsible gaming provisions to unsubscribe from mailing lists and accommodate employees in recovery.

Recommendation 7: NYSGC should facilitate the development of a statewide strategic plan based on the PETERRR paradigm to minimize gambling addiction. A statewide problem gambling steering committee that consists of all key stakeholders, including the New York Council on Problem Gambling, should oversee the planning and implementation.

E. The efficacy of self-exclusion programs and how they could be improved

Self-exclusion programs as one tool to help problem gamblers to get the help they need. While the individual gambler bears the primary responsibility for compliance with their exclusion agreement, both government and gaming operators have important roles as exclusion programs are a fairly limited tool and unlikely to be effective unless buttressed by comprehensive public gambling addiction services and adequate enforcement by the gaming industry. What is needed is a more balanced approach to this shared responsibility including a defined "duty of care" to clarify the rights and responsibilities of each stakeholder regarding self-exclusion.

However, as self-exclusion currently operates in many jurisdictions, enforcement of the exclusion generally does not take place upon entry to the property nor upon gambling, but rather upon an event where a gambler is required to present identification such as winning a jackpot of $1,200 or more. This limited enforcement undermines the intent and effectiveness of the program.

There have been many reports of excluded persons returning to casinos and gambling, as identification is not required to enter or to play (and lose). Only upon winning a significant jackpot were they identified and removed, leading some to a cynical perception that it is only upon winning money from the casino that operators will enforce exclusion agreements.

It is important to note that no program can guarantee 100% compliance, but it is likely that a requirement to check identification at the door would improve the effectiveness of exclusion programs. Checking identification also assists with preventing underage access and enforcing bans on individuals who may be cheats or linked to organized crime.

The responsibility for exclusion programs lies on a continuum between the individual and the gaming operators. It is important that the primary responsibility remains with the self-excluder, but requiring all patrons to present a government issued photo identification card before they gain entry to a casino would be expected to lead to more effective implementation of the regulation to prohibit excluded individuals from entering the casino or gambling. It is hoped that more effective enforcement of exclusion policies will lead to better outcomes for problem gamblers who are seeking help by joining these programs.

Finally, gamblers often participate in multiple types of gambling and cross state and tribal boundaries. Most self-exclusion programs are limited to a specific industry and/or jurisdiction, which may dramatically reduce the effectiveness of the program since gamblers can simply go to another property, a different form of gambling, or a neighboring state.

Recommendation 8: Require ID to enter casinos.

Recommendation 9: Promulgate a legal duty of care for operators regarding self-exclusion.

Recommendation 10: Create a unified self-exclusion list among all NY gaming operators and allow self-exclusion information to be shared with other jurisdictions.

A portion of gaming revenue must be dedicated for PETERRR programs. Although a comprehensive budget justification and needs assessment is beyond the scope of this hearing, for treatment alone if only 2% (4,800) of gamblers seek outpatient treatment at an annual cost of $1,000, the lowest estimated treatment need is $4.8 million per year for treatment alone. Current total state spending is approximately $2.2 million, leaving a gap of at least $2.6 million for treatment alone. This doesn't count necessary funds for prevention, education, enforcement, research, responsible gaming and recovery services. NYCPG estimates $20 million per year is the bare minimum needed to fill the gaps in state services and establish a rudimentary safety net. The funding needed to meaningfully address problem gambling is likely several times greater. In fact, NCPG recommends that 1% of total gaming revenue be dedicated to minimize harm—at current levels in New York would be $110 million annually.

Recommendation 11: 1% of total revenue from legalized gambling be dedicated to minimize harm from gambling addiction.

The National Council on Problem Gambling (NCPG) is the national advocate for programs and services to assist problem gamblers and their families. As the advocate for problem gamblers, NCPG does not take a position for or against legalized gambling. We were founded in 1972 and our 42-year history of independence and neutrality makes the National Council the most credible voice on problem gambling issues. We are a 501(c)(3) not-for-profit charitable corporation. NCPG does not accept any restrictions on contributions.

Major NCPG programs include the National Problem Gambling Helpline Network (800.522.4700) a single national point of access for problem gambling information that received over 295,000 calls in 2013; National Problem Gambling Awareness Week; Risk Education Program for Athletes; the National Conference on Problem Gambling, now in its 28th year; and an information clearinghouse. In addition, the majority of problem gambling services are provided on the state level by the 36 state affiliate chapters of NCPG, including the New York Council on Problem Gambling.

I have been Executive Director of NCPG since October 1998. My prior public policy experience includes positions at the American Gaming Association, American Bar Association and the U.S. Department of Health and Human Services. I am a graduate of Hampden-Sydney College.

I would like to thank the Chair and Acting Executive Director for the opportunity to submit my remarks for the record and I would be happy to respond to any questions.